

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
VARDHMAN SHIPPING PVT LTD.,

Plaintiff,

- against -

HERNING SHIPPING AS,

Defendant.
-----X

: 08 Civ. 3620 (RMB)

: ECF Case

**ATTORNEY DECLARATION OF CHARLES E. MURPHY
IN SUPPORT OF HERNING SHIPPING AS' ORDER TO SHOW
CAUSE WHY COUNTERSECURITY SHOULD NOT BE POSTED**

Charles E. Murphy declares under penalty of perjury of the laws of the United States of America as follows:

1. I am an attorney admitted to practice before this Honorable Court and act as counsel for the Defendant herein, Horning Shipping AS ("Defendant").
2. I submit this Declaration based on facts and information known to me personally, as well as documents and information provided to me by Defendant and its representatives, all of which I believe to be true and accurate.
3. The Plaintiff, Vardhman Shipping Pvt Ltd. ("Plaintiff") commenced this action sounding in admiralty seeking process of maritime attachment and garnishment (hereinafter "PMAG") pursuant to Supplemental Admiralty Rule B. Plaintiff filed its Verified Complaint on April 15, 2008. Plaintiff's Verified Complaint prayed for the issuance of an ex parte Order authorizing the issuance of a PMAG against Defendant's assets located in this District in the amount of \$7,654,605.84 inclusive of estimated interest, attorneys' fees and costs. *See a copy of Plaintiff's Verified Complaint attached as Exhibit "1".*

4. On or about April 15, 2008 Plaintiff obtained, on an ex parte basis, an order of maritime attachment in the amount \$7,654,605.84. The Clerk of Court subsequently issued a PMAG in the same amount. Plaintiff thereafter served the attachment order and PMAG on several New York banks within the Southern District of New York. Defendant's funds were attached as a result. As to the funds that were attached, on April 21, 2008 an electronic funds transfer in the amount of \$392,139.84 being sent to Defendant was restrained at Deutsche Bank. On the same day, an electronic funds transfer in the amount of \$199,500.00 also being sent to Defendant was restrained at J.P. Morgan Chase. Thus, a total of \$591,639.84 of Defendant's funds was attached pursuant to the ex parte attachment order that authorized the attachment of up to \$7,654,605.84.

5. As the ex parte attachment order was causing a serious disruption to Defendant's business because Defendant could neither send nor receive U.S. Dollar payments to or from its customers, and because the existence of the attachment order made it impossible to pay salaries to the crewmembers serving on board its vessels, Defendant reluctantly agreed to provide Plaintiff with substitute security in the form of a bank guarantee in the amount of \$7,654,605.84, which was acceptable to Plaintiff. As demonstrated by the Stipulation and Order Approving Posting of Substitute Security to Secure Release of Attached Funds, which this Court signed on May 7, 2008, Defendant posted substitute security without prejudice to any of its rights. *See Stipulation and Order Approving Posting of Substitute Security to Secure Release of Attached Funds dated May 7, 2008 attached as Exhibit "2"*. Specifically, Defendant expressly reserved *inter alia* its right to move this Court for countersecurity. Notwithstanding Defendant's commercial decision to post substitute security to lift the burden of the attachment, Defendant strongly disputed, and continues to strongly dispute, the allegations raised by Plaintiff in the Verified Complaint, e.g., that Defendant breached the charter party by failing to obtain approvals with major oil companies pursuant to the

Vetting Clause. Plaintiff's claims, however, are subject to London arbitration such that it would not be for this Court to pre-judge the merits of the claims in the course of this ancillary attachment action. This was the holding of *Aqua Stoli Shipping Ltd. v. Gardner Smith*, 460 F.3d 434 (2d Cir. 2006), which concluded that a plaintiff need only allege a valid *prima facie* admiralty claim in its verified complaint against a defendant who cannot be found in the District for a valid maritime attachment to issue. Consequently, Defendant shall properly argue to the arbitration panel the reasons why Plaintiff's claims are frivolous and grossly exaggerated.

6. As above, Plaintiff's claims arise out of an alleged breach of a charter party with Defendant entered into between the parties on November 15, 2006. The charter party provided for the use of the M/T KRISTINA THERESA for the carriage of several cargoes of oil products. Particularly, Plaintiff has alleged that Defendant failed to perform its duty to obtain requisite approvals from Exxon Mobil, Chevron Texaco, Shell, BP-Amoco, Total -Final-Elf, Stat Oil and Kuwait Petroleum. Plaintiff further alleged that it was within its right to place the Vessel off-hire on March 18, 2008 due to Defendant's failure to obtain approvals with major oil companies pursuant to the Vetting Clause. Plaintiff claimed the following damages in its Verified Complaint: (a) lost profits during the charter party, prior to Plaintiff declaring the Vessel off-hire, for 368.44 days in the amount of \$3,409,565.86; (b) lost profits after the Plaintiff had declared the Vessel off-hire in the amount of \$2,359,785.30. Thus, Plaintiff has alleged that the total lost profits, exclusive of interest, costs, and legal fees, total \$5,769,785.30. To that principal claim, Plaintiff's Verified Complaint added \$550,000.00, which it estimates will be its recoverable attorneys' fees and costs awarded in the London arbitration, and \$1,335,254.68 in interest at the rate of 7% compounded quarterly for three years.

7. Importantly, contrary to Plaintiff's position, Defendant has alleged in its Counterclaim that it was Plaintiff that unlawfully breached its obligations under the charter party. *See a copy of Defendant's Verified Answer with Counterclaim attached as Exhibit "3"*. In its Counterclaim, Defendant has alleged that it did not breach the Vetting Clause as alleged in the Verified Complaint and, thus, Plaintiff unjustifiably and unlawfully ceased making hire payments to Defendant in breach of Clause 8 of the charter party that required Plaintiff to pay Defendant fourteen days in advance for the use of the Vessel at a hire rate of \$14,683.00 per day, and *pro rata* for any part of a day, from the time and date of the Vessel's delivery to Plaintiff until the time and date of redelivery to Defendant.

8. The Counterclaim has alleged that Defendant had previously become the disponent owner, *i.e.*, the chartered owner, of the Vessel by virtue of its head charter party contract dated February 10, 2006 ("Head Charter Party") on the "Shelltime 4" charter party form, for a five-year term, with a non-party named MS "PAUL SCHULTE" Schiffahrtsgesellschaft mbh & Co. KG ("Schulte"), who was the head owner of the Vessel. Under the Head Charter Party between Schulte and Defendant, the hire rate was \$12,790.00 per day, and *pro rata* for any part of a day, from the time and date of the Vessel's delivery to Defendant until the time and date of redelivery to Schulte.

9. As explained in the Counterclaim, the two charter parties referenced above were on back-to-back, *i.e.*, identical, terms except for the charter period and the terms concerning the rate and payment of hire. As discussed above, certain disputes arose between Defendant and Plaintiff regarding *inter alia* Plaintiff's breach of its charter party with Defendant by failing to pay hire that was due and owing to Defendant. Specifically, Plaintiff wrongfully declared the Vessel off-hire on or about March 19, 2008 at 17:54 hours Central European Time. At that time, Plaintiff had paid

hire until March 26, 2008 through 12:00 hours. Despite due demand by Defendant for payment, Plaintiff failed to pay outstanding hire for all periods after March 26, 2008.

10. As alleged in Defendant's Counterclaim, the two charter parties had different hire payment schedules. While the Head Charter Party provided that hire would be paid monthly in advance, the Sub Charter Party provided that hire would be paid fourteen days in advance. Due to the differing hire payment schedules, and due to Plaintiff's failure to pay hire to Defendant, Defendant ceased hire payments to Schulte on April 1, 2008. Head owner, Schulte, withdrew the Vessel on April 9, 2008 at 18:09 Central European Time and placed Defendant on notice for unpaid hire. Consequently, Defendant withdrew the Vessel from Plaintiff on the same day and for the same reason.

11. The Counterclaim alleges that as a result of Plaintiff's breach of the Sub Charter Party as described above, Defendant has sustained damages for unpaid hire from March 26, 2008 at 12:00 hours to April 9, 2008 at 18:09 hours at \$14,683 per day, *i.e.*, 14 days 06:09 hours x \$14,683 per day, in the amount of \$209,324.50. Additionally, Defendant has suffered damages from Plaintiff's breach in respect of the hire differential between the Sub Charter Party rate less the Head Charter Party rate, *i.e.*, $\$14,683 - \$12,790 = \$1,893$, which differential Defendant would have earned for an additional 232 days, which was the time remaining under the Sub Charter for which Plaintiff never paid. Thus, the hire rate differential due from Plaintiff to Defendant is \$439,176 (*i.e.*, 232 days x \$1,893).

12. Furthermore, Defendant has properly alleged damages from Plaintiff's breach in respect of bunkers consumed by the Vessel from the time that Plaintiff wrongfully declared the Vessel off-hire until the time when Defendant withdrew the Vessel. The cost of bunkers consumed during this period, for which Plaintiff is liable, is \$51,753.12.

13. Still further, Defendant has sufficiently alleged that Plaintiff's unjustified declaration of off-hire and cessation of paying hire, which was the cause of the termination of the Sub Charter Party, resulted in Defendant having to incur Vessel repositioning costs in the amount of \$214,137.23. Specifically, Plaintiff left the vessel open in Cotonou, West Africa notwithstanding that it was obligated to redeliver the Vessel to Northern Europe or Mediterranean Sea. Gibraltar was the closest redelivery point to Cotonou. The distance from Cotonou to Gibraltar is 3,096 nautical miles. At 14 knots per hour, sailing time for the Vessel is 221:09 hours or 9 days 05:09 hours at \$23,240 per day (time charter cost plus bunkers (\$12,790 + 19 mt fuel per day x \$550 pmt)). Thus, Plaintiff is liable to Defendant for damages in respect of Vessel repositioning in the amount of \$214,137.23.

14. As alleged in the Counterclaim, pursuant to the Sub Charter Party, all disputes arising thereunder are to be submitted to arbitration in London with English Law to apply. Plaintiff and Defendant are currently engaged in an ongoing London arbitration to resolve their claims and counterclaims.

15. On the basis of the foregoing, Defendant's Counterclaim against Plaintiff is summarized as follows:

a.	Unpaid hire:	\$209,324.50;
b.	Unpaid hire rate differential:	\$439,176.00;
c.	Unpaid cost of bunkers consumed:	\$51,753.12;
d.	Unpaid cost of Vessel repositioning:	\$214,137.23;
e.	Interest on principal claims at 7% compounded quarterly for 3 years:	\$211,411.79;
f.	Estimated attorneys' fees and costs of prosecuting the Counterclaim in London arbitration:	\$550,000.00.

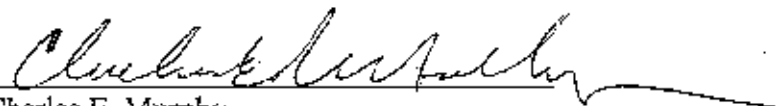
As itemized above, Defendant's Counterclaim against Plaintiff, inclusive of estimated recoverable interest, attorneys' fees and costs totals \$1,675,802.60.

16. Defendant's Counterclaim concerns *inter alia* Plaintiff's breach of the Sub Charter Party, which contract also forms the basis for Plaintiff's suit against Defendant. The issues of whether the Vessel was off-hire beginning on or about March 19, 2008, and which party was responsible for breaching the charter, are common to both Plaintiff's claim and Defendant's Counterclaim. Therefore, Defendant's Counterclaim arises from the same transaction that forms the basis of Plaintiff's Verified Complaint.

17. While reserving all of its rights, Defendant has posted substitute security in the form of a bank guarantee to Plaintiff in the amount of \$7,654,605.84 in order to relieve itself of the burden of the ex parte order of maritime attachment obtained by Plaintiff in this case. Despite due demand, Plaintiff has refused to provide countersecurity to Defendant in the amount of \$1,675,802.60 notwithstanding Supplemental Admiralty Rule E(7)'s mandate that a Plaintiff *must* give security for damages in the counterclaim unless the court for cause shown directs otherwise. For this reason, Defendant seeks from this Honorable Court an order pursuant to Rule E(7) of the Supplemental Rules for Certain Admiralty and Maritime Claims of the Federal Rules of Civil Procedure directing Plaintiff to post countersecurity in favor of Defendant in the amount of \$1,675,802.60.

I declare under penalty of perjury of the laws of the United States of America that the foregoing is true and correct.

Executed on May 20, 2008


Charles E. Murphy

AFFIRMATION OF SERVICE

I hereby certify that on May 21, 2008, a copy of the foregoing Murphy Declaration in Support of Order to Show Cause Why Countersecurity Should Not Be Posted was served upon plaintiff's counsel via DHL courier and via email at the following addresses:

UNGER@FREEHILL.COM
Michael Unger, Esq.
Freehill Hogan & Mahar LLP
80 Pine Street
New York, NY 10005-1759
(212) 425-1900

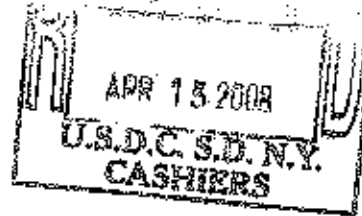
By: 
Charles E. Murphy (CM 2125)

EXHIBIT 1

Judge Berman

08 CV 3620

214-08/MSU/SL
FREEHILL HOGAN & MAHAR, LLP
Attorneys for Plaintiff
VARDHMAN SHIPPING PVT LTD.
80 Pine Street
New York, NY 10005
(212) 425-1900
(212) 425-1901 fax
Michael E. Unger (MU 0045)



UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

VARDHMAN SHIPPING PVT LTD.,

Plaintiff,

-against-

HERNING SHIPPING AS,

Defendant.

08 Civ _____ ()

VERIFIED COMPLAINT

Plaintiff, VARDHMAN SHIPPING PVT LTD. (hereinafter "VARDHMAN") for its Verified Complaint against Defendant HERNING SHIPPING AS (hereinafter "HERNING") alleges upon information and belief as follows:

1. This is an admiralty and maritime claim within the meaning of Rule 9(h) of the Federal Rules of Civil Procedure in that it involves a claim for the breach of a maritime contract of charter party. This case also falls under this Court's admiralty and maritime jurisdiction pursuant to 28 U.S.C. §1333 and the Court's federal question jurisdiction pursuant to 28 U.S.C. §1331 in that the action arises under the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, codified at 9 U.S.C. §201, *et seq.* and/or the Federal Arbitration Act, 9 U.S.C. §1, *et seq.*

2. At all times material hereto, Plaintiff VARDHMAN was and still is a foreign business entity duly organized and existing under the laws of a foreign country with an address at R.V. Shah's Bunglow, Surendranagar 363001, Gujarat, India.

3. At all times relevant hereto, Defendant HERNING was and still is a foreign business entity duly organized and existing under the laws of a foreign country with an address at Theresavej 1, 7400 Herning, Denmark.

4. On or about November 15, 2006, Defendant HERNING, as disponent owner¹, entered into a maritime contract of charter party with Plaintiff VARDHMAN, as charterer, for use of the M/T KRISTINA THERESA to carry several cargos of oil products produced by various major oil companies.

5. Under the Vetting Clause of the charter, Defendant HERNING warranted that no later than four months after the vessel was delivered to VARDHMAN, the vessel and her management would be approved to receive cargos from four of the following major oil companies: Exxon Mobil, Chevron Texaco, Shell, BP-Amoco, Total-Final-Elf, Stat Oil and Kuwait Petroleum, and that no later than six months after the vessel was delivered to VARDHMAN, the vessel and her management would be approved to receive cargos from the remaining three major oil companies listed above.

6. Should HERNING fail to comply with the Vetting Clause, the charter provided that Plaintiff VARDHMAN had the option to place the vessel off-hire until such time Defendant HERNING ensured that the vessel and her management were in compliance.

7. During the course of the charter, VARDHMAN negotiated for the carriage of several cargos with various major oil companies, which failed due to HERNING's failure to obtain the necessary approvals pursuant to the Vetting Clause, in breach of the charter.

¹ HERNING is not the actual owner of the vessel but instead had chartered the vessel from another entity.

8. Due to HERNING's breach of the charter, VARDHMAN was forced to negotiate with non-major oil companies at a lower rate.

9. Out of the total 440 days the vessel was actively in the service of VARDHMAN, the vessel was able to carry four cargos of major oil companies over a period of 71.03 days for an average income of \$24,568.22 per day.

10. For a period of 368.44 days, the vessel was only able to carry the cargos of lesser earning non-major oil companies for an average income of \$15,314.16 per day.

11. Accordingly, due to HERNING's breach of the charter, VARDHMAN suffered a loss of income in the amount of $\$3,409,565.86 = \$9,254.06 \text{ per day} \times 368.44 \text{ days}$.

12. On March 18, 2008, VARDHMAN exercised its right under the charter to place the vessel off-hire due to HERNING's failure to obtain approvals with major oil companies pursuant to the Vetting Clause.

13. In further breach of the charter, HERNING wrongfully terminated the charter on April 9, 2008.

14. Accordingly, for the remaining balance of the charter from March 18 to November 27, 2008 (or 255 days), VARDHMAN suffered additional lost profits of \$9,254.06 per day (the difference between the average income generated by cargos of major oil companies and non-major oil companies) for a total loss of \$2,359,785.30.

15. In sum, the damages arising out of Defendant HERNING's breaches of the charter include:

- (a) lost profits for 368.44 days in the amount of \$3,409,565.86;
- (b) lost profits from March 18 and November 27, 2008 in the amount of \$2,359,785.30,

for a sum total of \$5,769,351.16.

16. The charter party provides for the application of English law and disputes between the parties to be resolved by arbitration in London, and VARDHMAN specifically reserves its right to arbitrate the substantive matters at issue. Arbitration has been commenced.

17. This action is brought *inter alia* pursuant to 9 U.S.C. §8 in order to obtain security for Plaintiff VARDHMAN's claims made or to be made in the London arbitration under English law, as agreed by the parties.

18. As a regular feature of English law and arbitration, attorneys fees are awarded to the successful litigant, along with costs, disbursements, the cost of the arbitration, and interest, all of which constitutes a part of the Plaintiff's main claim and the amount sued for herein.

19. Plaintiff VARDHMAN estimates, as nearly as can presently be computed, that the legal expenses and costs of prosecuting its claims in London arbitration will be \$550,000. Interest anticipated to be awarded is estimated to be \$1,335,254.68 (calculated at the rate of 7% per annum compounded quarterly for a period of 3 years, the estimated time for completion of the proceedings in London).

20. In all, the claim for which Plaintiff VARDHMAN sues in this action, as near as presently may be estimated, totals \$7,654,605.84, no part of which has been paid by Defendant HERNING, despite due demand. Plaintiff VARDHMAN specifically reserves its right to amend this figure and to seek an increase in the amount of security should such sum appear to be insufficient to fully secure VARDHMAN.

Request for Rule B Relief

21. Upon information and belief, and after investigation, Defendant cannot be "found" within this District for the purpose of Rule B of the Supplemental Rules of Certain Admiralty and Maritime Claims, but Plaintiff believes that Defendant has, or will shortly have,

assets within this District comprising, *inter alia*, cash, funds, escrow funds, credits, debts, wire transfers, electronic funds transfers, accounts, letters of credit, freights, sub-freights, charter hire and/or sub-charter hire, of, belonging to, due or for the benefit of Defendant HERNING SHIPPING AS (collectively hereinafter, "ASSETS"), including but not limited to ASSETS in its name and/or being transferred for its benefit at, moving through, or being transferred and/or wired to or from banking institutions or such other garnishees who may be served with a copy of the Process of Maritime Attachment and Garnishment issued herein.

22. The total amount sought to be attached pursuant to the above is \$7,654,605.84.

WHEREFORE, Plaintiff VARDHMAN SHIPPING PVT LTD. prays:

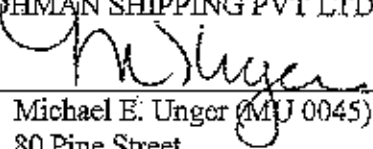
- a. That process in due form of law according to the practice of this Court may issue against Defendant citing it to appear and answer the foregoing;
- b. That if Defendant cannot be found within this District pursuant to Supplemental Rule B that all tangible or intangible property of Defendant up to and including \$7,654,605.84 be restrained and attached, including, but not limited to any cash, funds, escrow funds, credits, debts, wire transfers, electronic funds transfers, accounts, letters of credit, freights, sub-freights, charter hire and/or sub-charter hire, of, belonging to, due or being transferred from or for the benefit of Defendant HERNING SHIPPING AS, including but not limited to ASSETS in its name and/or being transferred for its benefit at, through, or within the possession, custody or control of such banking institutions and/or any such other garnishees who may be served with a copy of the Process of Maritime Attachment and Garnishment issued herein;

- c. That this Court retain jurisdiction over the matter for any further or supplemental proceedings as may be necessary, including but not limited to the recognition and enforcement of any award entered against the Defendant in the London proceedings; and
- d. For such other, further and different relief as this Court may deem just and proper in the premises.

Dated: New York, New York
April 15, 2008

FREEHILL HOGAN & MAHAR, LLP
Attorneys for Plaintiff
VARDHMAN SHIPPING PVT LTD.

By: _____


Michael E. Unger (MJ 0045)
80 Pine Street
New York, NY 10005
(212) 425-1900
(212) 425-1901 (fax)

ATTORNEY VERIFICATION

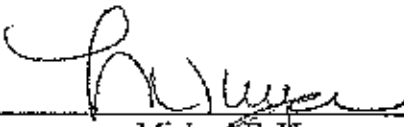
State of New York)
) ss.:
County of New York)

MICHAEL E. UNGER, being duly sworn, deposes and says as follows:

1. I am a partner with the law firm of Freehill Hogan & Mahar, LLP, attorneys for Plaintiff in this action, I have read the foregoing Verified Complaint and know the contents thereof, and the same is true to the best of my knowledge, information and belief.

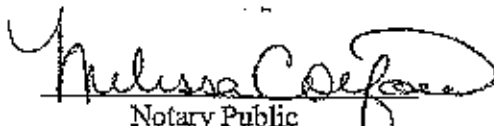
2. The sources of my information and the grounds for my belief are communications, information and documentation provided by our client and/or by solicitors representing our client.

3. The reason this verification is made by an attorney and not by the Plaintiff is because the Plaintiff is a foreign entity, none of whose officers are presently within this Judicial District.



Michael E. Unger

Sworn to before me this
15th day of April 2008



Notary Public

MELISSA COLFORD
Commissioner of Deeds
City of New York-No. 5-1692
Certificate Filed in New York
Comm. Expires 4/11/18

EXHIBIT 2

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

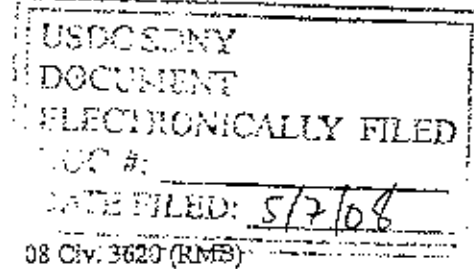
VARDHMAN SHIPPING PVT LTD.,

Plaintiff,

- against -

BERNING SHIPPING AS,

Defendant.



**STIPULATION AND ORDER APPROVING POSTING
OF SUBSTITUTE SECURITY TO SECURE RELEASE OF ATTACHED FUNDS**

WHEREAS, the Plaintiff, VARDHMAN SHIPPING PVT LTD., ("Plaintiff") has obtained an Ex Parte Order authorizing issuance of Process of Maritime Attachment and Garnishment against the Defendant, BERNING SHEPPING AS, ("Defendant") in the amount of \$7,654,605.84 as security for its claim as alleged in a Verified Complaint dated April 15, 2008; and

WHEREAS the Defendant seeks to provide substitute security in the form of a bank guarantee (in the form attached as Exhibit One) for such alleged claims without waiver or prejudice of any of Defendant's rights or defenses including, but not limited to, any and all defenses to the claims set forth in Plaintiff's Verified Complaint, Defendant's right to challenge the validity of the ex parte order of maritime attachment, Defendant's right to seek a reduction in the amount of the guarantee pursuant to Supplemental Admiralty Rule E(6) of the Federal Rules of Civil Procedure, and Defendant's right to seek countersecurity from Plaintiff pursuant to Supplemental Admiralty Rule E(7) of the Federal Rules of Civil Procedure; and

WHEREAS the bank guarantee is to be given by Defendant to Plaintiff as substitute security to secure the release of Defendant's property attached in the Southern District of New York and is intended to stand in the place of Defendant's attached property as though the bank guarantee was a bond within the meaning of Supplemental Admiralty Rule B(5) of the Federal Rules of Civil Procedure; and

WHEREAS the parties agree that this action shall not be voluntarily dismissed without the consent of the Defendant in order to allow Defendant sufficient time to file a responsive pleading and *inter alia* a motion to vacate the attachment and/or a motion to reduce the attachment and/or a motion for countersecurity; and

WHEREAS in the event the bank guarantee is ordered to be returned or reduced by any court of competent jurisdiction or by the London arbitration tribunal, Plaintiff shall not be deemed to have waived any right that it may have to seek other security for its claims elsewhere in the world; and

WHEREAS if the quantum of the security provided under the bank guarantee is ordered by any court of competent jurisdiction and/or the London arbitration tribunal to be reduced, Defendant will arrange for a substitute bank guarantee in the reduced amount; and

WHEREAS the Plaintiff does not concede that the London arbitral Tribunal is the proper body to address any application by Defendant to reduce the amount or order the return of the bank guarantee to be posted by Defendant; and

WHEREAS the Plaintiff shall not be deemed to have waived any right that it may have to take actions to prosecute its claims or defend against counterclaims including, but not limited to, for example, commencing proceedings to obtain discovery in the form of testimony or documents from non-parties;

And now, on the stipulation as indicated above of counsel for Plaintiff, Vardhman Shipping Pvt Ltd., and counsel for Defendant, Herning Shipping AS, Defendant, to the amount of substitute security to be posted, pursuant to Supplemental Admiralty Rule E(5) and 28 U.S.C. § 2464, for the purpose of dissolving the maritime attachment issued hereunder;

IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

1. In exchange for Defendant's posting of substitute security in the form of a bank guarantee in the amount \$7,654,605.84 in favor of Plaintiff to secure the claims as alleged in the Verified Complaint, that the maritime attachment of the Defendant's property in the hands of any and all garnishees in the within proceedings is hereby dissolved and vacated and that the case shall proceed in ordinary course; and

2. Any garnishee holding property of the Defendant pursuant to any ex parte order of maritime attachment issued in this case is hereby ordered and directed to release such property pursuant to written instructions to be provided by letter from Defendant's counsel to any such garnishee, together with a copy of this Order.

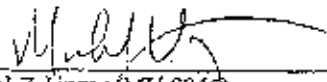
Dated: May 7, 2008

RMB

RICHARD M. BERMAN, U.S.D.J.

The parties stipulated and consent to the entry of the above Order.

The Plaintiff,
VARDHMAN SHIPPING PVT LTD.,

By: 
Michael E. Unger (MU 0045)
FREEHILL HOGAN & MAHAR LLP
80 Pine Street
New York, NY 10005
Phone (212) 425-1900
Fax (212) 425-1901
Unger@freehill.com

The Defendant,
HERNING SHIPPING AS,

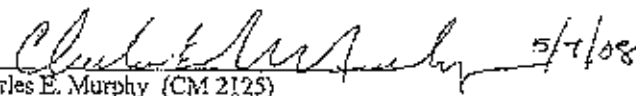
By:  5/7/08
Charles E. Murphy (CM 2125)
LENNON, MURPHY & LENNON, LLC
420 Lexington Ave., Suite 300
New York, NY 10170
Phone (212) 490-6050
Fax (212) 490-6070
cem@lenmur.com

EXHIBIT 1

Handelsbanken

Vardhman Shipping Pvt Ltd.
Shah's Bungalow, Surendranagar
363001, Gujarat
India

Trade Finance
Östergade 2, 7400 Herning
TEL 4456 2303
FAX 9626 2898
Telex 62 107 SWIFT: HANDBKXX
www.Handelsbanken.dk

30. April 2008

BANK GUARANTEE NO. 7620/0120715

We hereby issue our guarantee in your favour as follows:

Vessel: "KRISTINA THERESA"

Charterparty: 15.11.2006 (the "Charterparty")

Claims: Claims of Vardhman against Herning Shipping AS ("Herning") under the Charterparty as referred to in the New York Proceedings hereinafter defined.

In consideration of:

- 1) Vardhman immediately taking all necessary steps to vacate the ex parte order of maritime attachment and garnishment issued against Herning in the proceedings that Vardhman have commenced before the United States District Court for the Southern District of New York, under case number 08 CV 3620 (the "New York proceedings") and releasing all and any sums which have been attached in New York pursuant to or in connection with the New York proceedings and orders made therein, and
- 2) Vardhman refraining from, in respect of the Claims asserted in the New York proceedings, attaching, arresting, detaining, enforcing against and/or in any way whatsoever interfering with any and all assets of any kind whatsoever belonging to Herning or any associated companies, and
- 3) Vardhman promptly returning the original of this guarantee to us upon either
 - 1) The claims being settled in writing between Vardhman and Herning, and payment by Herning of any sum(s) agreed to be due to Vardhman,
 - 2) The collection of a final and unappealable award in the aforesaid arbitration proceedings, or the handing down of a final and unappealable judgment of a court of competent jurisdiction on appeal therefrom, which has the effect that, overall, no payment in respect of the Claims is due to Vardhman from Herning, or

Side 1

Handelsbanken

- 2) Receipt by Vardhman of such sum or sums as may be awarded and/or adjudged to be due to Vardhman from Herning of such sum as may be found to be due to be to Vardhman pursuant to a final and unappealable award in the aforesaid arbitration proceedings, or a final and unappealable judgment of a court of competent jurisdiction on appeal therefrom.

We Handelsbanken, Østergade 2, 7400 Herning, Denmark hereby irrevocably guarantee to pay to Vardhman within 14 days of Vardhman's first written demand such sum(s) as may

- (i) Be agreed in writing by Vardhman and Herning, to be due to Vardhman in respect of the Claims or
- (ii) To be adjudged due to Vardhman pursuant to a final and unappealable award in the aforesaid arbitration proceedings, or a final and unappealable judgment of a court of competent jurisdiction on appeal therefrom.

PROVIDED THAT

- (i) Our overall liability hereunder shall not exceed the total sum of US\$ 7,654,605.84 (United States Dollars seven million six hundred and fifty four thousand six hundred and five and eighty four cents) inclusive of all interest and costs, and
- (ii) Any demands for payment hereunder shall be made in writing to us, Handelsbanken accompanied by either a settlement agreement signed by (or on behalf of) Vardhman and Herning, or by copy of the original final and unappealable award in the aforesaid arbitration proceedings or a copy of the final and unappealable judgment of a court of competent jurisdiction on appeal therefrom.
- (iii) We further agree that this guarantee shall be a continuing guarantee for a period of 1 year from the date hereof, i.e., 25th April 2008, and we further agree that without being called upon to do so, we will before 25th April 2009, the expiry of this guarantee, extend this guarantee for another year unless this guarantee has been released to Vardhman in the same terms and conditions as this guarantee including this present covenant for renewal and that Vardhman shall be entitled to any number of renewals of this guarantee, each for a further period of one year until the final disposal of the claims and/or the return of this guarantee.

This guarantee is given entirely without prejudice to any and all rights and defences whatsoever which are or may be available to Herning and/or to any claim(s) which Herning may have against Vardhman and/or any rights of limitation of liability according to international conventions or local laws and/or Herning's right to seek a reduction of the amount of this guarantee in the New York proceedings. This guarantee is given as substitute security to secure the release of Herning's property attached in the Southern District of New York. This guarantee is intended to stand in the place of Herning's attached property as though it was a bond within the meaning of Supplemental Admiralty Rule B(5) of the Federal Rules of Civil Procedure. This guarantee is provided as substitute security for such alleged claims by Vardhman without waiver or prejudice of any of Herning's rights including, but not limited to, any and all defenses to the claims set forth in Vardhman's Verified Complaint and any and all defenses or rights in respect of the validity of the *ex parte* order of maritime attachment. It is provided without waiver of Herning's right to seek a reduction in the New York proceedings of the amount of this guarantee pursuant to Supplemental Admiralty Rule E(6) of the Federal Rules of Civil Procedure, and without waiver of Herning's right

Handelsbanken

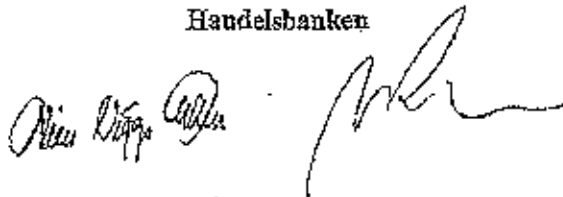
to seek counter-security from Vardhaman in the New York proceedings pursuant to Supplemental Admiralty Rule E(7) of the Federal Rules of Civil Procedure.

Should an order be entered in the New York proceedings reducing the sum of security for which Vardhaman is entitled, we further agree to issue a new guarantee for the reduced sum.

This guarantee is governed by English law, and any and all claim(s) and dispute(s) arising out of or in connection with this guarantee shall be subject to the exclusive jurisdiction of the High Court of England and Wales. For the purpose of enforcement hereof or for service of any claim or proceedings in connection herewith, our address for service in England and Wales is:

Handelsbanken, Østergade 2, 7400 Herning, Denmark

Handelsbanken



Side 3

EXHIBIT 3

LENNON, MURPHY & LENNON, LLC
 Attorneys for Defendant
 HERNING SHIPPING AS,
 The GrayBar Building
 420 Lexington Avenue, Suite 300
 New York, New York 10170
 Telephone: (212) 490-6050
 Facsimile: (212) 490-6070
 Charles E. Murphy (CM 2125)

UNITED STATES DISTRICT COURT
 SOUTHERN DISTRICT OF NEW YORK

-----X	
VARDHMAN SHIPPING PVT LTD.,	:
	:
Plaintiff,	:
	:
- against -	:
	:
HERNING SHIPPING AS,	:
	:
Defendant.	:
-----X	

08 Civ. 3620 (RMB)

ECF Case

VERIFIED ANSWER WITH COUNTERCLAIM

Defendant, HERNING SHIPPING AS, (hereinafter "Defendant") through its attorneys, Lennon, Murphy & Lennon, LLC, responds, upon information and belief, to the Verified Complaint filed April 15, 2008 of Plaintiff, VARDHMAN SHIPPING PVT LTD. (hereinafter "Plaintiff") as follows:

1. Admits that this is an admiralty or maritime claim within the meaning of Rule 9(h) of Fed.R.Civ.P. in that it involves a claim for the breach of a maritime contract of charter party, and that the Court has subject matter jurisdiction pursuant to 28 U.S.C. § 1333, and except as so admitted, denies the remainder of the allegations of Paragraph One of the Verified Complaint.

2. Admits the allegations contained in Paragraph Two of the Verified Complaint.

3. Admits the allegations of Paragraph Three of the Verified Complaint.
4. Admits the allegations of Paragraph Four of the Verified Complaint.
5. Denies the allegations of Paragraph Five of the Verified Complaint inasmuch as it is an incomplete statement of the terms of the Vetting Clause.
6. Denies the allegations of Paragraph Six of the Verified Complaint.
7. Denies the allegations of Paragraph Seven of the Verified Complaint.
8. Denies the allegations of Paragraph Eight of the Verified Complaint.
9. Denies the allegations of Paragraph Nine of the Verified Complaint.
10. Denies the allegations of Paragraph Ten of the Verified Complaint.
11. Denies the allegations of Paragraph Eleven of the Verified Complaint.
12. Denies the allegations of Paragraph Twelve of the Verified Complaint.
13. Denies the allegations of Paragraph Thirteen of the Verified Complaint.
14. Denies the allegations of Paragraph Fourteen of the Verified Complaint.
15. Denies the allegations of Paragraph Fifteen of the Verified Complaint.
16. Admits that the charter party provides for the application of English law, that disputes between the parties are to be resolved by arbitration in London, and that arbitration has been commenced, and except as so admitted, denies the allegations of Paragraph Sixteen of the Verified Complaint.
17. Denies the allegations of Paragraph Seventeen of the Verified Complaint.
18. Admits that under English law reasonable attorneys' fees, costs and interest are regularly awarded to the prevailing party, and except as so admitted denies the allegations of Paragraph Eighteen of the Verified Complaint.
19. Denies the allegations of Paragraph Nineteen of the Verified Complaint.

- 20. Denies the allegations of Paragraph Twenty of the Verified Complaint.
- 21. Denies the allegations of Paragraph Twenty-One of the Verified Complaint.
- 22. Denies the allegations of Paragraph Twenty-Two of the Verified Complaint inclusive of subsections (a) through (d).

AFFIRMATIVE DEFENSES

- 23. The Verified Complaint fails to state a cause of action upon which relief may be granted.
- 24. Plaintiff has improperly and/or insufficiently served process upon Defendant.
- 25. This forum is improper because the claims asserted by Plaintiff must be resolved in London arbitration pursuant to the charter party contract.
- 26. Plaintiff's claims are grossly overstated and, therefore, the Court's ex parte order of maritime attachment should be reduced to a reasonable sum.
- 27. Pursuant to Rule E(2)(b) of the Supplemental Rules for Certain Admiralty and Maritime Claims of the Federal Rules of Civil Procedure, Defendant reserves all rights to claim against Plaintiff for the costs associated with posting substitute security to lift the ex parte order of maritime attachment.

**AS AND FOR A COUNTERCLAIM AGAINST PLAINTIFF, DEFENDANT
ALLEGES UPON INFORMATION AND BELIEF AS FOLLOWS**

- 28. This is an admiralty and maritime claim within the meaning of Rule 9(h) of the Federal Rules of Civil Procedure and 28 United States Code § 1333.
- 29. On or about November 15, 2006, Defendant, as disponent owner, and Plaintiff, as charterer, entered into a time charter party ("Sub Charter Party"), on the "Shelltime 4" charter party form, for the charter of the M/T KRISTINA THERESA ("Vessel") for a period of one year beginning November 27, 2006, and later extended the charter period with one year from

November 27, 2007. *Sub Charter Party attached hereto as Exhibit One.* Pursuant to Clause 8 of the Sub Charter Party, Plaintiff was required to pay Defendant 14 days in advance for the use of the Vessel at a hire rate of \$14,683.00 per day, and pro rata for any part of a day, from the time and date of the Vessel's delivery to Plaintiff until the time and date of redelivery to Defendant.

30. Defendant had previously become the disponent owner, *i.e.*, the chartered owner, of the Vessel by virtue of its head charter party contract dated February 10, 2006 ("Head Charter Party") on the "Shelltime 4" charter party form, for a five-year term, with a non-party named MS "PAUL SCHULTE" Schiffahrtsgesellschaft mbh & Co. KG ("Schulte"), who was the head owner of the Vessel. Under the Head Charter Party between Schulte and Defendant, the hire rate was \$12,790.00 per day, and pro rata for any part of a day, from the time and date of the Vessel's delivery to Defendant until the time and date of redelivery to Schulte.

31. The two charter parties are on back-to-back, *i.e.*, identical terms, except for the charter period and the terms concerning the rate and payment of hire.

32. Certain disputes arose between Defendant and Plaintiff regarding *inter alia* Plaintiff's breach of the Sub Charter Party by illegally and unjustifiably failing to pay hire that was due and owing to Defendant.

33. Specifically, Plaintiff wrongfully and unjustifiably declared the Vessel off-hire on or about March 19, 2008 at 17:54 hours Central European Time. At that time, Plaintiff had paid hire until March 26, 2008 through 12:00 hours. Despite due demand by Defendant for payment, Plaintiff has failed to pay outstanding hire for all periods after March 26, 2008.

34. The two charter parties had different hire payment schedules. While the Head Charter Party provided that hire would be paid monthly in advance, the Sub Charter Party provided that hire would be paid 14 days in advance. Due to the differing hire payment

schedules, and due to Plaintiff's failure to pay hire to Defendant, Defendant ceased hire payments to Schulte on April 1, 2008. Head owner, Schulte, withdrew the Vessel on April 9, 2008 at 18:09 Central European Time and placed Defendant on notice for unpaid hire. Consequently, Defendant withdrew the Vessel from Plaintiff on the same day and for the same reason.

35. As a result of Plaintiff's breach of the Sub Charter Party as described above, Defendant has sustained damages for unpaid hire from March 26, 2008 at 12:00 hours to April 9, 2008 at 18:09 hours at \$14,683 per day, i.e., 14 days 06:09 hours x \$14,683 per day, in the amount of \$209,324.50.

36. Additionally, Defendant has suffered damages from Plaintiff's breach in respect of the hire differential between the Sub Charter Party rate less the Head Charter Party rate, i.e., $\$14,683 - \$12,790 = \$1,893$, which differential Defendant would have earned for an additional 232 days, which was the time remaining under the Sub Charter for which Plaintiff never paid. Thus, the hire rate differential due from Plaintiff to Defendant is \$439,176 (i.e., 232 days x \$1,893).

37. Furthermore, Defendant has suffered damages from Plaintiff's breach in respect of bunkers consumed by the Vessel from the time that Plaintiff wrongfully declared the Vessel off-hire until the time when Defendant withdrew the Vessel. The cost of bunkers consumed during this period, for which Plaintiff is liable, is \$51,753.12.

38. Still further, Plaintiff's unjustified declaration of off-hire and cessation of paying hire, which was the cause of the termination of the Sub Charter Party, resulted in Defendant having to incur Vessel repositioning costs in the amount of \$214,137.23. Specifically, Plaintiff left the vessel open in Cotonou, West Africa notwithstanding that it was obligated to redeliver

the Vessel to Northern Europe or Mediterranean Sea. Gibraltar was the closest redelivery point to Cotonou. The distance from Cotonou to Gibraltar is 3,096 nautical miles. At 14 knots per hour, sailing time for the Vessel is 221:09 hours or 9 days 05:09 hours at \$23,240 per day (time charter cost plus bunkers (\$12,790 + 19 mt fuel per day x \$550 pmt)). Thus, Plaintiff is liable to Defendant for damages in respect of Vessel repositioning in the amount of \$214,137.23.

39. Pursuant to the Sub Charter Party, all disputes arising thereunder are to be submitted to arbitration in London with English Law to apply. The parties are currently engaged in an ongoing London arbitration to resolve their claims and counterclaims.

40. On the basis of the foregoing, Defendant's counterclaim against Plaintiff is summarized as follows:

a.	Unpaid hire:	\$209,324.50;
b.	Unpaid hire rate differential:	\$439,176.00;
c.	Unpaid cost of bunkers consumed:	\$51,753.12;
d.	Unpaid cost of Vessel repositioning:	\$214,137.23;
e.	Interest on principal claims at 7% compounded quarterly for 3 years:	\$211,411.79;
f.	Estimated attorneys' fees and costs of prosecuting the counterclaim in London arbitration:	\$550,000.00.

As itemized above, Defendant's counterclaim against Plaintiff, inclusive of estimated recoverable interest, attorneys' fees and costs totals \$1,675,802.60.

41. Defendant's counterclaim concerns *inter alia* Plaintiff's breach of the Sub Charter Party, which contract also forms the basis for Plaintiff's suit against Defendant. The issues of whether the Vessel was off-hire beginning on or about March 19, 2008, and which party was responsible for breaching the charter, are common to both Plaintiff's claim and Defendant's

counterclaim. Therefore, this counterclaim arises from the same transaction that forms the basis of Plaintiff's claim.

42. While reserving all of its rights and defenses, Defendant has posted, or will soon post, substitute security in the form of a bank guarantee or surety bond to Plaintiff in the amount of \$7,654,695.84 in order to relieve itself of the burden of the ex parte order of maritime attachment obtained by Plaintiff in this case.

43. Defendant's counterclaim has not been secured by Plaintiff. For this reason, Defendant seeks from this Honorable Court an order pursuant to Rule E(7) of the Supplemental Rules for Certain Admiralty and Maritime Claims of the Federal Rules of Civil Procedure directing Plaintiff to post countersecurity in favor of Defendant in the amount of \$1,675,802.60.

WHEREFORE, Defendant prays that a Judgment be entered dismissing the Verified Complaint herein and that it be awarded judgment in its favor against Plaintiff on its counterclaim; that it also be awarded all costs, expenses and attorneys' fees incurred in connection with the defense of this action and counterclaim; and this Court grant such other, further and different relief as may be just and proper in the premises, including but not limited to an award of countersecurity pursuant to Rule E(7) of the Supplemental Rules for Certain Admiralty and Maritime Claims of the Federal Rules of Civil Procedure in its favor in the amount of \$1,675,802.60.

Dated: New York, New York
May 1, 2008

The Defendant,
HERNING SHIPPING AS,

By: 

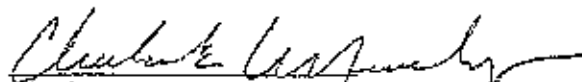
Charles E. Murphy (CM 2125)
LENNON MURPHY & LENNON, LLC
The GrayBar Building
420 Lexington Ave., Suite 300
New York, NY 10170
(212) 490-6050 (phone)
(212) 490-6070 (fax)
cem@lenmur.com

ATTORNEY'S VERIFICATION

State of Connecticut }
 } ss.: Town of Southport
County of Fairfield }

1. My name is Charles E. Murphy.
2. I am over 18 years of age, of sound mind, capable of making this Verification, and fully competent to testify to all matters stated herein.
3. I am an attorney with the firm of Lennon, Murphy & Lennon, LLC, attorneys for the Defendant.
4. I have read the foregoing Verified Answer with Counterclaim and know the contents thereof and believe the same to be true and accurate to the best of my knowledge, information and belief.
5. The reason why this Verification is being made by the deponent and not by the Defendant is that the Defendant is a business organization with no officers or directors now within this District.
6. The source of my knowledge and the grounds for my belief are the statements made, and the documents and information received from, the Defendant and agents and/or representatives of the Defendant.
7. I am authorized to make this Verification on behalf of the Defendant.

Dated: New York, New York
May 1, 2008


Charles E. Murphy

AFFIRMATION OF SERVICE

I hereby certify that on May 1, 2008, a copy of the foregoing Verified Answer with Counterclaim was filed electronically and served by mail on anyone unable to accept electronic filing. Notice of this filing will be sent by e-mail to all parties by operation of the Court's electronic filing system or by mail to anyone unable to accept electronic filing. Parties may access this filing through the Court's CM/ECF system.

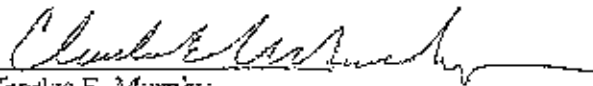

Charles E. Murphy

EXHIBIT 1



Code word for this Charter Party
"SHELLTANK 4"

Issued December 1984 amended December 2003

Time Charter Party LONDON 15 NOV 2006

IT IS THIS DAY AGREED between <u>herring shipping france snc</u> as agents to <u>herring shipping a.s.</u> , (hereinafter referred to as "Owners"), being <u>Time Charter Owners</u> of the good modern seagoing vessel called <u>MS Kristina Thoresen</u> One new building tanker or <u>Samso Shipyard Høft 2006</u> (hereinafter referred to as "the vessel") described as per Charter Party and <u>Vardhaanan Shipping (P) Ltd, K.V. Shukla's</u> <u>Bengaluru, Surendranagar - 363002, Gujarat, India</u> (hereinafter referred to as "Charterers")		1
Starships A/S remains responsible for the performance of the charter party.		2
Description And Condition of Vessel	1. At the date of delivery of the vessel under this charter and throughout the charter period:	3
	(a) she shall be chartered by a Classification Society which is a member of the International Association of Classification Societies	7
	(b) she shall be in every way fit to carry crude petroleum and/or its products including cargoes of the types stated in clause 69 hereof;	9
	(c) she shall be tight, staunch, strong, in good order and condition, and in every way fit for the service, with her machinery, boilers, keel and other equipment functioning but not limited to hull stress calculator, radar, computers and computer systems in a good and efficient state;	10
	(d) her tanks, valves and pipelines shall be oil-tight;	11
	(e) she shall be in every way fitted for burning in accordance with the grades specified in Clause 28 hereof:	12
	(i) oil sea, fuel oil for main propulsion and two-stroke diesel oil for auxiliaries;	13
	(ii) in port, fuel oil for auxiliaries;	14
	(f) she shall comply with the regulations in force so as to enable her to pass through the Suez and Panama Canals by day and night without delay;	15
	(g) she shall have on board all certificates, documents and equipment required from time to time by any applicable law to enable her to perform the charter service without delay;	16
Safety Management	(h) she shall comply with the description in the Time Charter Description QCMF-Hatched-Vessel Redules-Questionnaire appended hereto as Appendix A, provided however that if there is any conflict between the provisions of this questionnaire and any other provision, including any Clause 1, of this charter such other provisions shall govern;	17
	(i) her ownership, structure, flag, registry, classification society and management company shall not be changed without Charterers' prior consent. Such consent shall not be unreasonably withheld;	18
	(j) Owners will operate:	19
	(i) a safety management system certified to comply with the International Safety Management Code ("ISM Code") for the Safe Operation of Ships and for Pollution Prevention;	20
	(ii) a documented safe working procedures system (including procedures for the identification and mitigation of risks);	21
	(iii) a documented environmental management system;	22
	(iv) documented accident/incident reporting system compliant with flag state requirements;	23
	(k) Owners shall submit to Charterers a monthly written report detailing all accidents/incidents and environmental reporting requirements, in accordance with the "Ship Safety and Environmental Monthly Reporting Template" appended hereto as Appendix B;	24
	(l) Owners shall maintain Ready Safety Environmental ("RSE") records sufficient to demonstrate compliance with the requirements of the RSE system and of this charter. Charterers reserve the right to confirm compliance with RSE requirements by audit of Owners;	25
	(m) Owners will arrange at their expense for a RSE inspection to be carried out at intervals of twelve months plus or minus thirty days, a subject to vessel's schedule and trading area pattern and to availability of fire inspectors (see also Clause 66).	26

* Data as applicable.
* Data as applicable.

HTV



Code word for this Charter Party
"SHELLTIME 4"

Issued December 1984 amended December 2003

Shipboard Personnel And their Duties	2. (a)	At the date of delivery of the vessel under this charter and throughout the charter period:	45
	(i)	she shall have a full and efficient complement of master, officers and crew for a vessel of her service, who shall in any event be not less than the number required by the laws of the flag state and who shall be trained to operate the vessel and her equipment competently and safely;	46
	(ii)	all shipboard personnel shall hold valid certificates of competence in accordance with the requirements of the law of the flag state;	47
	(iii)	all shipboard personnel shall be trained in accordance with the relevant provisions of the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978 or any amendments, modifications or subsequent versions thereof;	48
	(iv)	there shall be on board sufficient personnel with a good working knowledge of the English language to enable cargo operations at loading and discharging places to be carried out efficiently and safely and to enable communications between the vessel and those loading the vessel or accepting discharge thereof to be carried out quickly and efficiently;	49
	(v)	the terms of employment of the vessel's crew shall conform with the terms acceptable to the International Transport Workers Federation and the vessel at all times with the Code - see Clause 71	50
	(vi)	the nationality of the vessel's officers given in the Time Charter Description shall be the vessel's nationality provided on delivery will not change without Charterers' prior agreement.	51
	(b)	Owners guarantee that throughout the charter service the master shall with the vessel's officers and crew, unless otherwise ordered by Charterers:	52
	(i)	prosecute all voyages with the utmost despatch;	53
	(ii)	tender all customary assistance; and	54
	(iii)	load and discharge cargo as rapidly as possible when required by Charterers or their agents to do so, by night or by day, but always in accordance with the laws of the place of loading or discharging (as the case may be) and in each case in accordance with any applicable laws of the flag state and in accordance with the strength and stability limitations.	55
Due to Maintenance	3. (a)	Throughout the charter service Owners shall, whenever the passage of time, wear and tear or any other factor whether or not arising within Clause 27 hereof, requires steps to be taken to maintain or restore the conditions stipulated in Clauses 1 and 2(a), exercise due diligence so to maintain or restore the vessel.	56
	(b)	If at any time whilst the vessel is on hire under this charter the vessel fails to comply with the requirements of Clauses 1, 2(a) or 3(a) then hire shall be reduced to the extent necessary to indemnify Charterers for such failure. If and to the extent that such failure affects the time taken by the vessel to perform any services under this charter, hire shall be reduced by an amount equal to the value, calculated at the rate of hire, of the time so lost.	57
		Any reduction of hire under this sub-Clause (b) shall be without prejudice to any other remedy available to Charterers, but where such reduction of hire is in respect of time lost, such time shall be excluded from any calculation under Clause 24.	58
	(c)	If Owners are in breach of their obligations under Clause 3(a), Charterers may so notify Owners in writing and if, after the expiry of 30 days following the receipt by Owners of any such notice, Owners have failed to demonstrate to Charterers' reasonable satisfaction the exercise of due diligence as required in Clause 3(a), the vessel shall be off-hire, and no further hire payments shall be due, until Owners have so demonstrated that they are exercising such due diligence.	59
	(d)	Owners shall advise Charterers immediately, in writing, should the vessel fail an inspection by, and not limited to, a governmental and/or port state authority, and/or terminal and/or major charterer of similar nature. Owners shall simultaneously advise Charterers of their proposed course of action to remedy the defects which have caused the failure of such inspection.	60
	(e)	If the Charterers reasonably hold the view:	61
	(i)	failure of an inspection, or	62
	(ii)	any finding of an inspection,	63
		reflected in a clause 3(a) or (c) previously notified as a result of operations, that a Charterers have the option to refuse the vessel off-hire from the date and time of such vessel fails such inspection, or becomes unseaworthy or unsuitable, until the date and time that the vessel passes re-inspection or	64
		the Charterers reasonably hold the view that the vessel is not fit for service, then the vessel shall be off-hire from the date and time of such vessel fails such inspection, or becomes unseaworthy or unsuitable, until the date and time that the vessel passes re-inspection or	65



Code word for this Charter Party
"SHELLTIME 4"

Issues October 1984 through December 2009

[illegible]



	compelled to pay in respect of any such liability. Any amounts allowable in general average for wages and provisions and stores shall be credited to Charterers insofar as such amounts are in respect of a period when the vessel is on-hire.	157 158 159
Charterers to Provide	7. (a) Charterers shall provide and pay for oil fuel (except fuel used for domestic services), lubricants and pigging and shall pay agency fees, port charges, commissions, expenses of loading and unloading cargoes, canal dues and all charges other than those payable by Owners in accordance with Clause 6 hereof, provided that all charges for the said items shall be for Owners' account when such items are consumed, employed or incurred for Owners' purposes or while the vessel is off-hire (unless such items reasonably relate to any service given or distance made good and taken into account under Clause 21 or 22); and provided further that any fuel used in connection with a general average sacrifice or expenditure shall be paid for by Owners.	160 161 162 163 164 165 166 167
	(b) In respect of bunkers consumed for Owners' purposes there will be charged on each occasion by Charterers on a "first-in, first-out" basis value of the prices actually paid by Charterers.	168 169
	(c) If the trading limits of the charter include ports in the United States of America and/or its possessions then Charterers shall reimburse Owners for port specific charges relating to additional premiums charged by providers of all pollution cover, when incurred by the vessel calling at ports in the United States of America and/or its possessions in accordance with Charterers' orders.	170 171 172 173
Rate of Hire	8. Subject as herein provided, Charterers shall pay 14 days in advance for the use and hire of the vessel at the rate of 1st year: USD 14,500 per day (incl. brokerage comm.) and year 2: USD 15,417 per day (incl. brokerage comm.)	174 175 176
	States Dollars per day, and pro rata for any part of a day, from the time and date of delivery (local time) to Charterers until the time and date of redelivery (local time) to Owners. Hire to include overtime onboard. Communication / Representation at United States Dollars 500 per month, and pro rata for any part of a month.	177 178
Payment of Hire	9. Subject to Clause 3 (c) and 3 (e), payment of hire shall be made in immediately available funds to:	179 180
	(a) Directly into owners designated bank account as per details given on time charter hire invoices.	181 182
	(b) In United States Dollars per calendar day in advance, less:	183 184 185
	(i) any hire paid which Charterers reasonably estimate to relate to off-hire periods; and	186
	(ii) any amounts disbursed to Owners' behalf, any advances and commission thereon, and charges which are for Owners' account pursuant to any provision hereof; and	187 188
	(iii) any amounts due or reasonably estimated to become due to Charterers under Clause 3 (c) or 21 hereof.	189 190
	any such adjustments to be made at the due date for the next monthly payment after the facts have been ascertained. Charterers shall not be responsible for any delay or error by Owners' bank in crediting Owners' account provided that Charterers have made proper and timely payment.	191 192 193 194
	In default of such proper and timely payment:	195
	(a) Owners shall notify Charterers of such default and Charterers shall within seven days of receipt of such notice pay to Owners the amount due, including interest, failing which Owners may withdraw the vessel from the service of Charterers without prejudice to any other rights Owners may have under this charter or otherwise; and	196 197 198 199
	(b) Interest on any amount due but not paid on the due date shall accrue from the day after that date up to and including the day when payment is made, at a rate per annum which shall be 1% above the U.S. Prime Interest Rate as published by the Chase Manhattan Bank in New York at 12:00 New York time on the due date, or, if no such interest rate is published on that day, the interest rate published on the next preceding day on which such a rate was so published, computed on the basis of a 360 day year of twelve 30-day months, compounded semi-annually.	200 201 202 203 204 205
Space Available to Charterers	10. The whole reach, bulwark and decks on the vessel and any passenger accommodation (including Owners' suite) shall be at Charterers' disposal, reserving only proper and sufficient space for the vessel's master, officers, crew, boats, apparel, furniture, provisions and stores, provided that the weight of stores on board shall not, unless specially agreed, exceed 30 tonnes excluding fresh water and bunker and fuel oil at any time during the charter period.	206 207 208 209
Segregated Ballast	11. In connection with the Council of the European Union Regulation on the implementation of IMO Resolution A.747 (18) Owners will ensure that the following duty is made on the International Tonnage Certificate (1989) under the section headed "Remarks": "The segregated ballast tanks comply with the Regulation 13 of Annex 1 of the International Convention for the prevention of pollution from ships, 1973, as modified by the Protocol of 1978 relating thereto, and the total tonnage of such tanks exclusively used for the carriage of segregated	210 211 212 213 214 215



	water ballast is _____. The reduced gross tonnage which should be used for the calculation of tonnage based fees is _____.	217
		218
Instructions and logs	12. Charterers shall from time to time give the master all requisite instructions and sailing directions, and the master shall keep a full and correct log of the voyage or voyages, which Charterers or their agents may inspect as required. The master shall when required furnish Charterers or their agents with a true copy of such log and with properly completed loading and discharging port sheets and voyage reports for each voyage and other reports as Charterers may require. Charterers shall be entitled to take copies at Owners' expense of any such documents which are not provided by the master.	219
		221
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		223
Bills of Lading	13. (a) The master (although appointed by Owners) shall be under the orders and direction of Charterers as regards employment of the vessel, agency and other arrangements, and shall sign Bills of Lading as Charterers or their agents may direct (subject always to Clauses 35 (c) and 40) without prejudice to this charter, Charterers hereby indemnify Owners against all consequences or liabilities that may arise;	224
		225
	(b) From signing Bills of Lading in accordance with the directions of Charterers or their agents, to the extent that the terms of such Bills of Lading lead to claims, to the requirements of this charter, or (except as provided in Clause 13 (b)) from the master otherwise complying with Charterers or their agents' orders;	226
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	(c) From any irregularities in papers supplied by Charterers or their agents;	228
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	(d) Charterers by telex, facsimile or other form of written communication that specifically refers to this Clause request Owners to discharge a quantity of cargo with or without Bills of Lading and/or at a discharge place other than that named in a Bill of Lading and/or that is different from the Bill of Lading quantity, then Owners shall discharge such cargo in accordance with Charterers' instructions in consideration of releasing the following indemnity which shall be deemed to be given by Charterers on each and every such occasion and which is limited in value to the net market value of the cargo carried on board;	230
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	(i) Charterers shall indemnify Owners and Owners' servants and agents in respect of any liability loss or damage of whatsoever nature (including legal costs as between attorney or solicitor and client and associated expenses) which Owners may sustain by reason of delivering such cargo in accordance with Charterers' request;	232
		233
	(ii) If any proceeding is commenced against Owners or any of Owners' servants or agents in connection with the vessel having delivered cargo in accordance with such request, Charterers shall provide Owners or any of Owners' servants or agents from time to time on demand with sufficient funds to defend the said proceedings;	234
		235
	(iii) If the vessel or any other vessel or property belonging to Owners should be arrested or detained, or if the arrest or detention thereof should be threatened, by reason of discharge in accordance with Charterers' instructions as aforesaid, Charterers shall provide on demand cash bail or other security as may be required to prevent such arrest or detention or to secure the release of such vessel or property and Charterers shall indemnify Owners in respect of any loss, damage or expenses caused by such arrest or detention whether or not same may be justified;	236
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	(iv) Charterers shall, if called upon to do so at any time while such cargo is in Charterers' possession, custody or control, deliver the same to Owners;	238
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	(v) As soon as all original Bills of Lading for the above cargo which name as discharge port the place where delivery actually occurred shall have arrived and become into Charterers' possession, Charterers shall produce and deliver the same to Owners whereupon Charterers' liability hereunder shall cease;	240
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	Provided however, if Charterers have not received all such original Bills of Lading by 20.00 hours on the 30th calendar month after the date of discharge, that this indemnity shall continue at that time unless before that time Charterers have received from Owners written notice that:	242
	(a) Some person is making a claim in connection with Owners delivering cargo pursuant to Charterers request or;	243
		244
	(b) Legal proceedings have been commenced against Owners and/or carriers and/or Charterers under any of their respective servants or agents and/or the vessel for the same reason;	245
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	When Charterers have received such notice, then this indemnity shall continue in force until such claim or legal proceedings are settled. Termination of this indemnity shall not prejudice any legal rights a party may have outside this indemnity;	247
		248
	(vi) Owners shall promptly notify Charterers if any person (other than a person to whom Charterers ordered cargo to be delivered) claims to be entitled to such cargo and/or if the vessel or any other property belonging to Owners is arrested by reason of any such discharge of cargo. This indemnity shall be governed and construed in accordance with the English law and each and any dispute arising out of or in connection with this indemnity shall be subject to the jurisdiction of the High Court of Justice of England;	249
	(c) Owners warrant that the Master will comply with orders to carry and discharge goods on or	250



	more Bills of Lading from a set of original negotiable Bills of Lading should Charterers so require.	281
Conduct of Vessel's Personnel	14. If Charterers complain of the conduct of the master or any of the officers or crew, Owners shall immediately investigate the complaint. If the complaint proves to be well founded, Owners shall, without undue delay, make a change in the appointments and Owners shall in any event communicate the result of their investigations to Charterers as soon as possible.	282 283 284 285 286
Bunkers at Delivery and Redelivery	15. Charterers shall accept and pay for all bunkers on board at the time of delivery, and Owners shall on redelivery (whether it occurs at the end of the charter or on the earlier termination of this charter) accept and pay for all bunkers remaining on board, at the price actually paid, on a "first-in-first-out" basis. Such prices are to be supported by paid invoices. Vessel to be delivered to and redelivered from the charter with, at least, a quantity of bunkers on board sufficient to reach the next port of bunkering port. Notwithstanding anything contained in this charter all bunkers on board the vessel shall, throughout the duration of this charter, remain the property of Charterers and can only be purchased on the terms specified in the charter at the end of the charter period or, if earlier, at the termination of the charter.	287 288 289 290 291 292 293 294 295 296
Stowages, Ploets, Tugs	16. Stowages, when required, shall be employed and paid by Charterers, but this shall not relieve Owners from responsibility at all times for proper stowage, which must be controlled by the master who shall keep a strict account of all cargo loaded and discharged. Owners hereby indemnify Charterers, their servants and agents against stowages, claims, responsibilities and liabilities arising in any way whatsoever from the employment of pilots, tugboats or stevedores, who although employed by Charterers shall be deemed to be the servants of and in the service of Owners and under their instructions (even if such pilots, tugboat personnel or stevedores are in fact the servants of Charterers or their agents or any affiliated company); provided, however, that: (a) the foregoing indemnity shall not exceed the amount to which Owners would have been entitled to limit their liability if they had themselves employed such pilots, tugboats or stevedores, and; (b) Charterers shall be liable for any damage to the vessel caused by arising out of the use of stevedores, for wear and tear excepted, to the extent that Owners are unable by the exercise of due diligence to obtain redress therefor from stevedores.	297 298 299 300 301 302 303 304 305 306 307 308 309 310
Super-Numeraries	17. Charterers may send representatives and supercargo in the vessel's available accommodation upon any voyage made under this charter. Owners finding provisions and all supplies as supplied to officers, except alcohol. Charterers paying at the rate of United States Dollars 25 (Twenty five) + \$1000 per day for each representative and supercargo while on board the vessel. The supercargo may assist and advise the vessel in tank cleaning, loading and discharging operation, but will otherwise not interfere. The supercargo is onboard strictly in an advisory capacity. Charterers to sign Owners' P&I Club letter of indemnity prior to boarding.	311 312 313 314
Subletting/Assignment/Novation/First Voyage	18. Charterers may sublet the vessel, but shall always remain responsible to Owners for the full term of this charter. Additionally, Charterers may assign this charter to any company of the Royal Dutch-Shell Group of Companies.	315 316
	19. If when a payment of hire is due hereunder Charterers reasonably expect to redeliver the vessel before the next payment of hire would fall due, the hire to be paid shall be assessed on Charterers' reasonable estimate of the time necessary to complete Charterers' programme up to redelivery, and from which estimate Charterers may deduct amounts due or reasonably expected to become due for: (a) disbursements on Owners' behalf or charges for Owners' account pursuant to any provision hereof, and; (b) bunkers on board at redelivery pursuant to Clause 15. Promptly after redelivery any overpayment shall be refunded by Owners or any underpayment made good by Charterers. If at the time this charter would otherwise terminate in accordance with Clause 4 the vessel is on a ballast voyage to a port of redelivery or is upon a laden voyage, Charterers shall continue to have the use of the vessel at the same rate and conditions as stated herein for as long as necessary to complete such ballast voyage, or to complete such laden voyage and return to a port of redelivery as provided by this charter, as the case may be.	317 318 319 320 321 322 323 324 325 326 327 328 329 330 331
Loss of Vessel	20. Should the vessel be lost, this charter shall terminate and hire shall cease at once on the day of the loss; should the vessel be a constructive total loss, this charter shall terminate and hire shall cease at once on the day on which the vessel's underwriters agree that the vessel is a constructive total loss; should the vessel be missing, this charter shall terminate and hire shall cease at once on the day on which she was last heard of. Any hire paid in advance and not earned shall be returned to Charterers and Owners shall reimburse Charterers for the value of the estimated quantity of bunkers on board at the time of termination, at the price paid by Charterers at the last bunkering port.	332 333 334 335 336 337 338 339
Off-hire	21. (a) On each and every occasion that there is loss of time (whether by way of interruption in the vessel's service or from other causes) in the vessel's redelivery or in any other respect,	340



(j) due to deficiency of personnel or stores; resulting loss - including for repairs time in and waiting to enter dry dock for repairs; breakdown (whether partial or total) of machinery, boilers or other parts of the vessel or her equipment (including without limitation loss of propulsion); overhaul, maintenance or survey; collision, stranding, accident or damage to the vessel; or any other similar cause preventing the efficient working of the vessel and such losses and expenses for more than three consecutive hours of the vessel's service from the vessel's service or suspension of service shall be taken into account in assessing the amount to be deducted from hire.

(k) due to industrial action, refusal to sail, breach of orders or neglect of duty on the part of the master, officers or crew;

(l) for the purpose of obtaining medical assistance (treatment for or landing any sick or injured person (other than a Charterers representative named under Clause 17 hereof) or for the purpose of landing the body of any person (other than a Charterers representative), and such loss or expense for more than three consecutive hours or, due to any delay in quarantine arising from the master, officers or crew having had communication with the shore at any infected area without the written consent or instructions of Charterers or their agents, or to any detention by customs or other authorities caused by smuggling or other infraction of local law on the part of the master, officers, or crew; or

(m) due to detention of the vessel by authorities at home or abroad attributable to legal action against or breach of regulation by the vessel, the vessels owners, or Owners (unless brought about by the act or neglect of Charterers); then, without prejudice to Charterers' right under Clause 3 or to any other rights of Charterers hereunder, or otherwise, the vessel shall be off-hire from the commencement of such loss or detention when it is again ready and in an efficient state to resume her service from a geographical position not less favourable to Charterers than that at which such loss or detention commenced; provided, however, that any service given or distance made good by the vessel whilst off-hire shall be taken into account in assessing the amount to be deducted from hire.

(n) If the vessel fails to proceed at any guaranteed speed pursuant to Clause 21, and such failure arises wholly or partly from any of the causes set out in Clause 21(a) above, then the period for which the vessel shall be off-hire under this Clause 21 shall be the difference between:

(i) the time the vessel would have required to perform the relevant service at such guaranteed speed; and

(ii) the time actually taken to perform such service (including any loss of time arising from interruption in the performance of such service).

For the avoidance of doubt, all time included under (i) above shall be deducted from any compensation under Clause 24.

(o) Further and without prejudice to the foregoing, in the event of the vessel deviating (which expression includes without limitation putting back, or putting into any port other than that to which she is bound) under the instructions of Charterers for any cause or purpose mentioned in Clause 21(a), the vessel shall be off-hire from the commencement of such deviation until the time when she is again ready and in an efficient state to resume her service from a geographical position not less favourable to Charterers than that at which the deviation commenced; provided, however, that any service given or distance made good by the vessel whilst so off-hire shall be taken into account in assessing the amount to be deducted from hire. If the vessel, for any reason or purpose mentioned in Clause 21(a), puts to any port other than the port to which she is bound on the instructions of Charterers, the port charges, pilotage and other expenses at such port shall be borne by Owners. Should the vessel be driven into any port or anchorage by stress of weather hire shall continue to be due and payable during any time lost thereby.

(p) If the vessels flag state becomes engaged in hostilities, and Charterers in consequence of such hostilities find it commercially impracticable to employ the vessel and she is given Orders, without notice issued then from the date of receipt by Owners of such notice until the termination of such commercial impracticability the vessel shall be off-hire and Owners shall have the right to employ the vessel on their own account.

(q) Time during which the vessel is off-hire under this charter shall count as part of the charter period except where Charterers during such period is not entitled to periods under Clause 4 (o).

(r) All references to "time" in this charter party shall be references to local time except where otherwise stated.

22. (a) Owners have the right and obligation to drydock the vessel at regular intervals of 30 months plus minor to maintain the vessel in case of emergency or class requirement. On each occasion Owners shall propose to Charterers a date on which they wish to drydock the vessel, not less than 1 month, subject always to vessels fixed program, before such date, unless there is an emergency case, and Charterers shall nominate a port for such period of drydocking and Charterers shall have all responsibilities to make the vessel available as near to

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		such date and port as practicable.	403
		Owners shall put the vessel in drydock at their expense as soon as practicable after Charterers	404
		place the vessel at Owners' disposal clear of cargo other than tank washings and residues.	405
		Owners shall be responsible for and pay for the disposal into reception facilities of such tank	406
		washings and residues and shall have the right to retain any monies received therefor, without	407
		prejudice to any claim for loss of cargo under any Bill of Lading or this charter.	408
	(b)	If a periodical drydocking is carried out in the port offered by Charterers (which must have	409
		suitable accommodation for the purpose and reception facilities for tank washings and	410
		residues), the vessel shall be off-hire from the time she arrives at such port until drydocking is	411
		completed and she is in every way ready to resume Charterers' service and is at the disposal of	412
		which she went off-hire or a positive no less favourable to Charterers, whichever she first	413
		states. However,	414
	(i)	provided that Owners exercise due diligence in gas-freeing, any time lost in gas-	415
		freeing to the standard required for entry into drydock for cleaning and painting the hull	416
		shall not count as off-hire, whether lost on passage to the drydocking port or after arrival	417
		there (notwithstanding Clause 21); and	418
	(ii)	any additional time lost in further gas-freeing to meet the standard required for hot work	419
		or entry to cargo tanks shall count as off-hire, whether lost on passage to the drydocking	420
		port or after arrival there.	421
		Any time which, but for sub-Clause (i) above, would be off-hire, shall not be included in any	422
		calculation under Clause 24.	423
		The expenses of gas-freeing, including without limitation the cost of bunkers, shall be for	424
		Owners' account.	425
	(c)	If Owners require the vessel, instead of proceeding to the offered port, to carry out periodical	426
		drydocking at a special port selected by them, the vessel shall be off-hire from the time when	427
		she is released to proceed to the special port (unless she need presents for loading in accordance	428
		with Charterers' instructions, provided, however, that Charterers shall credit Owners with the	429
		time which would have been taken on passage at the same speed had the vessel not proceeded	430
		to drydock. All fuel consumed shall be paid for by Owners but Charterers shall credit Owners	431
		with the value of the fuel which would have been used on such notional passage calculated at	432
		the guaranteed daily consumption for the service speed, and shall further credit Owners with	433
		any benefit they may gain in purchasing bunkers at the special port.	434
	(d)	Charterers shall, insofar as cleaning for periodical drydocking may have reduced the amount of	435
		tank cleaning necessary to meet Charterers' requirements, credit Owners with the value of any	436
		bunkers which Charterers calculate to have been saved thereby, whether the vessel drydocks at	437
		an offered or a special port.	438
Stop	23.	Charterers shall have the right, at any time during the charter period to make such inspection of the	439
Inspection		vessel as they may consider necessary. This right may be exercised as often and at such intervals as	440
		Charterers in their absolute discretion may determine and whether the vessel is in port or on passage.	441
		Owners attending all necessary arrangements and accommodation on board provided, however,	442
	(a)	that neither the exercise nor the non-exercise, nor anything done or not done in the exercise	443
		or non-exercise, by Charterers of such right shall in any way reduce the master's or Owners'	444
		authority over, or responsibility to Charterers or third parties for, the vessel and every aspect of	445
		her operation, nor increase Charterers' responsibilities to Owners or third parties for the same.	446
	(b)	that Charterers shall not be liable for any act, neglect or default by themselves, their	447
		servants or agents in the exercise or non-exercise of the aforesaid right.	448
Delivered	24.	Owners warrant that the speed and consumption of the vessel shall be as follows:	449
Description	(a)	Owners warrant vessel's speed of knots in light condition and knots in ballast condition on	450
and		10 metric tons IFO for main engine.	451
Performance		Average speed Maximum average bunker consumption per day	452
		in knots net propulsion bunkers	453
		fuel oil (bbls) per day fuel oil (bbls) per day	454
		Laden tonnes tonnes	455
		Ballast tonnes tonnes	456
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	The service speed of the vessel is 23 knots laden and 14 knots in ballast and in the absence of Charterers' orders to the contrary the vessel shall proceed at the service speed. However if more than one laden and one ballast speed are shown in the table above Charterers shall have the right to order the vessel to steam at any speed within the range set out in the table (the "ordered speed").	654 655 656 657 658
	If the vessel is ordered to proceed at any speed other than the highest speed shown in the table, and the average speed actually attained by the vessel during the currency of such order exceeds such ordered speed plus 0.5 knots, the maximum recognised speed of the vessel for the purposes of this clause shall be the ordered speed. If the vessel is ordered to proceed at any speed other than the highest speed shown in the table, and the average speed actually attained by the vessel during the currency of such order exceeds such ordered speed plus 0.5 knots, the maximum recognised speed of the vessel for the purposes of this clause shall be the ordered speed.	659 660 661 662 663 664 665 666 667 668 669 670 671 672 673 674 675 676 677 678 679 680
	The average speeds and bunkers consumption shall for the purposes of this Clause 24 be calculated by reference to the observed distance from port to port station to port station on all sea passages during each period stipulated in Clause 24 (c), but excluding any time during which the vessel is (or but for Clause 24 (b) (i) would be) off-hire and also excluding "Adverse Weather Periods", being:	681 682 683 684 685 686 687 688 689 690 691 692 693 694 695 696 697 698 699 700 701 702 703 704 705 706 707 708 709 710 711 712 713 714 715 716 717 718 719 720 721 722 723 724 725 726 727 728 729 730 731 732 733 734 735 736 737 738 739 740 741 742 743 744 745 746 747 748 749 750 751 752 753 754 755 756 757 758 759 760 761 762 763 764 765 766 767 768 769 770 771 772 773 774 775 776 777 778 779 780 781 782 783 784 785 786 787 788 789 790 791 792 793 794 795 796 797 798 799 800 801 802 803 804 805 806 807 808 809 810 811 812 813 814 815 816 817 818 819 820 821 822 823 824 825 826 827 828 829 830 831 832 833 834 835 836 837 838 839 840 841 842 843 844 845 846 847 848 849 850 851 852 853 854 855 856 857 858 859 860 861 862 863 864 865 866 867 868 869 870 871 872 873 874 875 876 877 878 879 880 881 882 883 884 885 886 887 888 889 890 891 892 893 894 895 896 897 898 899 900 901 902 903 904 905 906 907 908 909 910 911 912 913 914 915 916 917 918 919 920 921 922 923 924 925 926 927 928 929 930 931 932 933 934 935 936 937 938 939 940 941 942 943 944 945 946 947 948 949 950 951 952 953 954 955 956 957 958 959 960 961 962 963 964 965 966 967 968 969 970 971 972 973 974 975 976 977 978 979 980 981 982 983 984 985 986 987 988 989 990 991 992 993 994 995 996 997 998 999 1000
	(b) any periods during which reduction of speed is necessary for safety in congested waters or in poor visibility;	
	(c) any days, noon to noon, when winds exceed force 4 on the Beaufort Scale for more than 12 hours.	
	(5) If during any year from the date on which the vessel enters service (anniversary of delivery) the vessel fails to attain the performance guaranteed in Clause 24 (a) then if such shortfall or excesses result:	
	(i) from a reduction or decrease in the average speed of the vessel, compared to the speed guaranteed in Clause 24 (a), then an amount equal to the value of the hire rate of the vessel so lost or decreased (the "loss") shall be immediately deducted from the performance calculation deducted from the hire paid;	
	(ii) from an increase or increase in the total bunkers consumed, compared to the total bunkers which would have been consumed had the vessel performed as guaranteed in Clause 24 (a), an amount equivalent to the value of the additional bunkers consumed at sea-bunkers-saved-as-the-vessel-is-based on the average price paid by Charterers for the vessel's bunkers in such period, shall be included in the performance calculation deducted from the hire paid.	
	The results of the performance calculation deducted from hire so calculated for laden and ballast mileage respectively shall be adjusted to take into account the mileage steamed in each such condition during Adverse Weather Periods, by dividing such addition or deduction by the number of miles over which the performance has been calculated and multiplying by the same number of miles plus the miles steamed during the Adverse Weather Periods, in order to establish the total performance calculation deduction for each period.	
	Reduction of hire under the foregoing sub-Clause (a) shall be without prejudice to any other remedy available to Charterers.	
	(6) Calculations under this Clause 24 shall be made as per Clause 24 for the yearly periods commencing on each successive anniversary of the date on which the vessel enters service, and for the period between the last anniversary and the date of termination of this charter if less than a year. Claims in respect of reduction of hire arising under this Clause during the final year or part year of the charter period shall in the first instance be settled in accordance with Charterers' or Owners' made two months before the end of the charter period. Any necessary adjustment after this charter terminates shall be made by payment by Owners to Charterers or by Charterers to Owners as the case may require.	
	(7) Owners and Charterers agree that this Clause 24 is assessed on the basis that Owners are not entitled to additional hire for performance in excess of the speeds and consumptions given in this Clause 24.	
Salvage	25. Subject to the provisions of Clause 21 hereof, all loss of time and all expenses (excluding any damages to or loss of the vessel or portions liabilities to third parties) incurred in saving or attempting to save life or in successful or unsuccessful attempts at salvage shall be borne equally by Owners and Charterers provided that Charterers shall not be liable to contribute towards any salvage payable by Owners arising in any way out of services rendered under this Clause 25.	
	All salvage and all proceeds from demurrage shall be divided equally between Owners and Charterers after deducting the master's, officers' and crew's share.	
Liability	26. Owners shall have a lien upon all cargoes and all freights, sub-freights and demurrage for any amounts due under this charter; and Charterers shall have a lien on the vessel for all monies paid in	



		advance and not earned, and for all claims for damages arising from any breach by Owners of this charter.	524
Exception	27.	(a) The vessel, her master and Owners shall not, unless otherwise in this charter expressly provided, be liable for any loss or damage or delay or failure arising or resulting from any act, neglect or default of the master, pilots, mariners or other servants of Owners in the navigation or management of the vessel; provided, however, that Clauses 1, 2, 3 and 24 hereof shall be unaffected by the foregoing. Further, neither the vessel, her master or Owners, nor Charterers shall, unless otherwise in this charter expressly provided, be liable for any loss or damage or delay or failure in performance hereunder arising or resulting from act of God, act of war, seizure under legal process, quarantine restrictions, strikes, lock-outs, riots, restrictions of labor, civil commotions or general or restraint of princes, rulers or people.	525 526 527 528 529 530 531 532 533 534 535 536 537
	(b)	The vessel shall have liberty to sail with or without pilots, to tow or go to the assistance of vessels in distress and to deviate for the purpose of saving life or property.	538 539
	(c)	Clause 27(a) shall not apply to, or affect any liability of Owners or the vessel or any other relevant person in respect of:	540 541
	(i)	loss or damage caused to any berth, jetty, dock, mooring, buoy, mooring line, pipe or crane or other works or equipment whatsoever at or near any place to which the vessel may proceed under this charter, whether or not such works or equipment belong to Charterers or;	542 543 544 545
	(ii)	any claim (whether brought by Charterers or any other person) arising out of any loss or damage to or in connection with cargo. Any such claim shall be subject to the Hague-Visby Rules or the Hague Rules or the Hamburg Rules, as the case may be, which ought pursuant to Clause 38 hereof to have been incorporated in the relevant Bill of Lading (whether or not such Rules were so incorporated) or, if no such Bill of Lading is issued, to the Hague-Visby Rules unless the Hamburg Rules compulsorily apply in which case to the Hamburg Rules.	546 547 548 549 550 551 552
	(d)	In particular and without limitation, the foregoing subsections (a) and (b) of this Clause shall not apply to or in any way affect any provision in this charter relating to off-hire or to redelivery of time.	553 554 555
Injurious Cargo	28.	No acids, explosives or cargoes injurious to the vessel shall be shipped and without prejudice to the foregoing any damage to the vessel caused by the shipment of any such cargo, and the time taken to repair such damage, shall be for Charterers' account. No voyage shall be undertaken, nor any goods or cargoes loaded, that would expose the vessel to capture or seizure by rulers or governments.	556 557 558 559
Grade of Fuels	29.	Charterers shall supply fuel oil with a maximum viscosity of 380 centistokes at 50 degrees centigrade according to ASTM-35 and/or marine diesel oil for main propulsion and marine diesel oil for auxiliary use with a maximum viscosity of 150 centistokes at 50 degrees centigrade and/or diesel oil for the auxiliaries. If Owners require the vessel to be supplied with more expensive bunkers they shall be liable for the extra cost incurred.	560 561 562 563 564 565
		Charterers warrant that all bunkers provided by them in accordance herewith shall be of a quality complying with ISO Standard 8217 (latest version) for Marine Residual Fuels and Marine Distillate Fuels as applicable.	566 567 568
Disbursements	30.	Should the master require advances for ordinary disbursements at any port, Charterers or their agents shall make such advances to him, in consideration of which Owners shall pay a commission of two and a half per cent, and all such advances and commission shall be deducted from hire.	569 570 571
Laying-up	31.	Charterers shall have the option, after consultation with Owners, of requiring Owners to lay up the vessel at a safe place nominated by mutually agreed between Owners and Charterers, in which case the hire provided for under this charter shall be reduced to reflect the net increases in expenditure reasonably incurred or any net savings which should reasonably be made by Owners as a result of such lay up. Charterers may exercise the said option any number of times during the charter period.	572 573 574 575
	32.	Should the vessel be requisitioned by any government, de facto or de jure, during the period of this charter, the vessel shall be off-hire during the period of such requisition, and any hire paid by such governments in respect of such requisition period shall be for Owners' account. Any such requisition period shall count as part of the charter period.	576 577 578 579
Outbreak of War	33.	If war or hostilities break out between any two or more of the following countries: U.S.A., the countries or republics having been part of the former U.S.S.R. (except that declaration of war or hostilities solely between any two or more of the countries or republics having been part of the former U.S.S.R. shall be exempted), F.R.G., U.K., Netherlands, Germany then both Owners and Charterers shall have the right to cancel this charter.	580 581 582 583 584
Additional	34.	If the vessel is ordered to load or unload cargo at a port which is not a port of call under this charter, the vessel shall be off-hire for the time taken to load or unload such cargo.	585



		Charterers shall reimburse Owners for any additional insurance premiums, crew bonuses and other expenses which are reasonably actually incurred by Owners as a consequence of such orders, provided that Charterers are given notice of such expenses as soon as practicable and in any event before such expenses are incurred, and provided further that Owners obtain from their insurers a waiver of any subrogated rights against Charterers in respect of any claims by Owners under their war risk insurance arising out of compliance with such orders.	588
		Any payments by Charterers under this clause will only be made against proven documentation. Any discount or rebate refunded to Owners, for whatever reason, in respect of additional war risk premium shall be passed on to Charterers.	589
War Risks	35.	(a) The master shall not be required or bound to sign Bills of Lading for any place which in his or Owners' reasonable opinion is dangerous or impossible for the vessel to enter or reach owing to any blockade, war, hostilities, warlike operations, civil war, civil commotions or revolutions.	590
		(b) If in the reasonable opinion of the master or Owners it becomes, for any of the reasons set out in Clause 35(a) or by the operation of international law, dangerous, impossible or prohibited for the vessel to reach or enter, or to load or discharge cargo at, any place to which the vessel has been ordered pursuant to this charter (a "place of peril"), then Charterers or their agents shall be immediately notified in writing or by radio messages, and Charterers shall thereupon have the right to order the cargo, or such part of it as may be affected, to be loaded or discharged, as the case may be, at any other place within the trading limits of this charter (provided such other place is not itself a place of peril). If any place of discharge is or becomes a place of peril, and no orders have been received from Charterers or their agents within 48 hours of dispatch of such messages, then Owners shall be at liberty to discharge the cargo or such part of it as may be affected at any place which may or the master may in their or his discretion select within the trading limits of this charter and such discharge shall be deemed to be due fulfillment of Owners' obligations under this charter so far as cargo so discharged is concerned.	591
		(c) The vessel shall have liberty to comply with any directions or recommendations as to departure, arrival, routes, ports of call, stoppages, desistations, zones, waters, delivery or in any other case whatsoever given by the government of the state under whose flag the vessel sails or any other government or local authority or by any person or body acting or purporting to act as or with the authority of any such government or local authority including any de facto government or local authority or by any person or body acting or purporting to act as or with the authority of any such government or local authority or by any committee or person having under the terms of the war risks insurance on the vessel the right to give any such directions or recommendations, if for reason of or in compliance with any such directions or recommendations anything is done or is not done, such shall not be deemed a deviation. If by reason of or in compliance with any such direction or recommendation the vessel does not proceed to any place of discharge to which she has been ordered pursuant to this charter, the vessel may proceed to any place which the master or Owners in his or their discretion select and there discharge the cargo or such part of it as may be affected. Such discharge shall be deemed to be due fulfillment of Owners' obligations under this charter so far as cargo so discharged is concerned.	592
		Charterers shall procure that all Bills of Lading issued under this charter shall contain the Chamber of Shipping War Risks Clause 1952.	593
Both to Blame Collision Clause	36.	If the liability for any collision in which the vessel is involved while performing this charter falls to be determined in accordance with the laws of the United States of America, the following provision shall apply: "If the ship comes into collision with another ship as a result of the negligence of the other ship and any act, neglect or default of the master, mariner, pilot or the servants of the carrier in the navigation or in the management of the ship, the owners of the cargo carried hereunder will indemnify the carrier against all loss, or liability to the other or non-carrying ship or other owners in so far as such loss or liability represents loss of, or damage to, or any claim whatsoever of the owners of the said cargo, paid or payable by the other or non-carrying ship or her owners to the owners of the said cargo and set off, recovered or recovered by the other or non-carrying ship or her owners as part of their claim against the carrying ship or carrier." "The foregoing provisions shall also apply where the owners, operators or those in charge of any ship or ships or objects other than, or in addition to, the colliding ships or objects are at fault in respect of a collision or contact."	594
		Charterers shall procure that all Bills of Lading issued under this charter shall contain a provision to the foregoing terms to be applicable where the liability for any collision in which the vessel is involved falls to be determined in accordance with the laws of the United States of America.	595
Non Jason Clause	37.	General average contributions shall be payable according to York-Antwerp Rules, 1994, as amended from time to time, and shall be subject to the provisions of the Rules, as amended from time to time.	596



		should adjustment be made in accordance with the law and practice of the United States of America, the following position shall apply:	650
		"In the event of accident, damage, loss or disappearance or after the commencement of the voyage, resulting from any cause whatsoever, whether due to negligence or not, for which, or for the consequences of which, the carrier is not responsible by statute, contract or otherwise, the cargo, shippers, consignees or owners of the cargo shall contribute with the carrier in general average to the payment of any sacrifices, losses or expenses of a general average nature that may be made or incurred and shall pay salvage and special charges incurred in respect of the cargo."	651
		"If a sailing ship is owned or operated by the carrier, salvage shall be paid for as fully as if the said sailing ship or ships belonged to strangers. Such deposit as the carrier or his agents may deem sufficient to cover the estimated contribution of the cargo and any salvage and special charges thereon shall, if required, be made by the cargo, shippers, consignees or owners of the cargo to the carrier before delivery."	652
		Charterers shall procure that all Bills of Lading issued under this charter shall contain a provision in the foregoing terms, to be applicable where adjustment of general average is made in accordance with the laws and practice of the United States of America.	653
Clause	33	Charterers shall procure that all Bills of Lading issued pursuant to this charter shall contain the following:	654
Particulars		"(1) Subject to sub-clause (2) or (3) hereof, this Bill of Lading shall be governed by, and have effect subject to, the rules contained in the International Convention for the Unification of Certain Rules relating to Bills of Lading signed at Brussels on 25th August 1924 (hereafter the "Hague Rules") as amended by the Protocol signed at Brussels on 23rd February 1968 (hereafter the "Hague-Visby Rules"). Nothing contained herein shall be deemed to be either a surrender by the carrier of any of his rights or immunities or any increase of any of his responsibilities or liabilities under the Hague-Visby Rules."	655
		"(2) If there is governing legislation which applies the Hague Rules compulsorily to this Bill of Lading, to the exclusion of the Hague-Visby Rules, then this Bill of Lading shall have effect subject to the Hague Rules. Nothing therein contained shall be deemed to be either a surrender by the carrier of any of his rights or immunities or an increase of any of his responsibilities or liabilities under the Hague Rules."	656
		"(3) If there is governing legislation which applies the United Nations Convention on the Carriage of Goods by Sea 1924 (hereafter the "Hamburg Rules") compulsorily to this Bill of Lading, to the exclusion of the Hague-Visby Rules, then this Bill of Lading shall have effect subject to the Hamburg Rules. Nothing therein contained shall be deemed to be either a surrender by the carrier of any of his rights or immunities or an increase of any of his responsibilities or liabilities under the Hamburg Rules."	657
		"(4) Any term of this Bill of Lading is repugnant to the Hague-Visby Rules, or Hague Rules, or Hamburg Rules, as applicable, such term shall be void to that extent but no further."	658
		"Nothing in this Bill of Lading shall be construed as in any way restricting, extending or waiving the right of any relevant party or person to call his liability under any applicable legislation or law."	659
Insurance	36	Owners warrant that the vessel is now, and will, throughout the duration of the charter, BEE ALSO	660
LOPF		CLAUSE 63 & 64	661
		(1) The vessel is insured by a charter-party of the vessel owner's obligation	662
		to be properly insured in _____ R.M. Club, which is a member of	663
		the International Group of P&O Clubs	664
		(2) The vessel is insured by a charter-party of the vessel owner's obligation to be properly insured in _____ R.M. Club, which is a member of	665
		the International Group of P&O Clubs	666
		(3) The vessel is insured by a charter-party of the vessel owner's obligation to be properly insured in _____ R.M. Club, which is a member of	667
		the International Group of P&O Clubs	668
		(4) The vessel is insured by a charter-party of the vessel owner's obligation to be properly insured in _____ R.M. Club, which is a member of	669
		the International Group of P&O Clubs	670
		(5) The vessel is insured by a charter-party of the vessel owner's obligation to be properly insured in _____ R.M. Club, which is a member of	671
		the International Group of P&O Clubs	672
		Owners will provide, within a reasonable time following a request from Charterers to do so, documented evidence of compliance with the warranties given in this Clause 36.	673
Export	40	The master shall not be required or bound to sign Bills of Lading for the cargo or any	674
Particulars		part to which export of such cargo is prohibited under the laws, rules or regulations of the country in which the cargo was produced and/or shipped.	675
		Charterers shall procure that all Bills of Lading issued under this charter shall contain the following clause:	676
		"If any laws, rules or regulations applied by the government of the country in which the cargo was produced and/or shipped, or any relevant agency thereof, impose a prohibition on export of the cargo	677



- to the place of discharge designated in or ordered under the Bill of Lading, carriers shall be entitled to require cargo owners to nominate an alternative discharge place for the discharge of the cargo, or such part of it as may be affected, which alternative place shall not be subject to the prohibition, and carriers shall be entitled to accept orders from cargo owners to proceed to and discharge at such alternative place. If cargo owners fail to nominate an alternative place within 72 hours after they or their agents have received from carriers notice of such prohibition, carriers shall be at liberty to discharge the cargo or such part of it as may be affected by the prohibition at any safe place or which they or the master may in their or his absolute discretion decide and which is not subject to the prohibition, and such discharge shall constitute the performance of the contract contained in this Bill of Lading so far as the cargo so discharged is concerned. The foregoing provisions shall apply mutatis mutandis to this charter, the references to a Bill of Lading being deemed to be references to this charter.
41. Owners will co-operate with Charterers to ensure that the "Business Principles" as amended from time to time of the Royal Dutch/Shell Group of Companies, which are posted on the Shell website (www.shell.com), are complied with.
42. a) Owners warrant that they have in force an active policy covering the vessel which meets or exceeds the standards set out in the "Guidelines for the Control of Drugs and Alcohol On Board Ship" as published by the Oil Companies International Marine Forum (OCIMF) dated January 1990 (or any subsequent modification, version, or variation of those guidelines) and that this policy will remain in force throughout the charter period, and Owners will exercise due diligence to ensure the policy is complied with.
- b) Owners warrant that the current policy concerning drugs and alcohol on board is acceptable to ExxonMobil and will remain so throughout the charter period.
43. If, at any time during the charter period, the vessel becomes unacceptable to any Oil Major, Charterers shall have the right to terminate the charter. SEE CLAUSE 35.
44. Owners are to advise Charterers of organizational details and names of Owners personnel together with their relevant telephone/facsimile/mobile numbers, including the names and contact details of Qualified Individuals for OPRSO response, who may be contacted on a 24 hour basis in the event of oil spills or emergencies.
45. (a) (i) From the date of coming into force of the International Code for the Security of Ships and of Port Facilities and the relevant amendments to Chapter XI of SOLAS (ISPS Code) and the US Maritime Transportation Security Act 2002 (MTSA) in relation to the Vessel and hereafter during the currency of this charter, Owners shall procure that both the Vessel and "the Company" (as defined by the ISPS Code) and the "owner" (as defined by the MTSA) shall comply with the requirements of the ISPS Code relating to the Vessel and "the Company" and the requirements of MTSA relating to the vessel and the "owner". Upon request Owners shall provide documentary evidence of compliance with this Clause 45(a) (i).
- (ii) Except as otherwise provided in this charter, loss, damage, expense or delay, caused by failure on the part of Owners or "the Company"/"owner" to comply with the requirements of the ISPS Code/MTSA or this Clause shall be for Owners' account.
- (b) (i) Charterers shall provide Owners/master with their full style contact details and shall ensure that the contact details of all sub-charterers are likewise provided to Owners/master. Furthermore, Charterers shall ensure that all sub-charter parties they enter into during the period of this charter contain the following provision: "The Charterers shall provide the Owners with their full style contact details and, where sub-letting is permitted under the terms of the charter party, shall ensure that the contact details of all sub-charterers are likewise provided to the Owners".
- (ii) Except as otherwise provided in this charter, loss, damage, expense or delay, caused by failure on the part of Charterers to comply with this sub-Clause 45(b) shall be for Charterers' account.
- (c) Notwithstanding anything else contained in this charter costs or expenses related to security regulations or measures required by the port facility or any relevant authority in accordance with the ISPS Code/MTSA including, but not limited to, security guards, launch services, bag searches, port security fees or taxes and inspections, shall be for Charterers' account, unless such costs or expenses result solely from Owners' negligence in which case such costs or expenses shall be for Owners' account. All measures required by Owners to comply with the security plan required by the ISPS Code/MTSA shall be for Charterers' account.
- (d) Notwithstanding any other provision of this charter, the vessel shall not be off-hire where there is a loss of time caused by Charterers' failure to comply with the ISPS Code/MTSA (when in force).

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Law and
Litigation

(e) If either party makes any payment which is for the other party's account according to this Clause, the other party shall indemnify the paying party.	773
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46. The contract shall be governed and the relations between the parties shall be determined in accordance with the laws of England.	778
(a) All disputes arising out of or in connection with the contract shall be referred to arbitration in accordance with the Arbitration Act 1996 for the resolution of any dispute arising out of or in connection with the contract.	779
(b) The parties shall jointly appoint a sole arbitrator not later than 14 days after receipt of a request in writing by either party to do so.	780
(c) If the parties are unable to agree on the appointment of a sole arbitrator within 14 days after receipt of a request in writing by either party to do so, the arbitrator shall be appointed by the London Maritime Arbitrators Association (LMAA) within 14 days after receipt of a request in writing by either party to do so.	781
(d) The arbitrator shall be appointed by the London Maritime Arbitrators Association (LMAA) within 14 days after receipt of a request in writing by either party to do so.	782
(e) The arbitrator shall be appointed by the London Maritime Arbitrators Association (LMAA) within 14 days after receipt of a request in writing by either party to do so.	783
(f) The arbitrator shall be appointed by the London Maritime Arbitrators Association (LMAA) within 14 days after receipt of a request in writing by either party to do so.	784
(g) The arbitrator shall be appointed by the London Maritime Arbitrators Association (LMAA) within 14 days after receipt of a request in writing by either party to do so.	785
(h) The arbitrator shall be appointed by the London Maritime Arbitrators Association (LMAA) within 14 days after receipt of a request in writing by either party to do so.	786
(i) The arbitrator shall be appointed by the London Maritime Arbitrators Association (LMAA) within 14 days after receipt of a request in writing by either party to do so.	787
(j) The arbitrator shall be appointed by the London Maritime Arbitrators Association (LMAA) within 14 days after receipt of a request in writing by either party to do so.	788
(k) The arbitrator shall be appointed by the London Maritime Arbitrators Association (LMAA) within 14 days after receipt of a request in writing by either party to do so.	789
(l) The arbitrator shall be appointed by the London Maritime Arbitrators Association (LMAA) within 14 days after receipt of a request in writing by either party to do so.	790
(m) The arbitrator shall be appointed by the London Maritime Arbitrators Association (LMAA) within 14 days after receipt of a request in writing by either party to do so.	791
(n) The arbitrator shall be appointed by the London Maritime Arbitrators Association (LMAA) within 14 days after receipt of a request in writing by either party to do so.	792
(o) The arbitrator shall be appointed by the London Maritime Arbitrators Association (LMAA) within 14 days after receipt of a request in writing by either party to do so.	793
(p) The arbitrator shall be appointed by the London Maritime Arbitrators Association (LMAA) within 14 days after receipt of a request in writing by either party to do so.	794
(q) The arbitrator shall be appointed by the London Maritime Arbitrators Association (LMAA) within 14 days after receipt of a request in writing by either party to do so.	795
(r) The arbitrator shall be appointed by the London Maritime Arbitrators Association (LMAA) within 14 days after receipt of a request in writing by either party to do so.	796
(s) The arbitrator shall be appointed by the London Maritime Arbitrators Association (LMAA) within 14 days after receipt of a request in writing by either party to do so.	797
(t) The arbitrator shall be appointed by the London Maritime Arbitrators Association (LMAA) within 14 days after receipt of a request in writing by either party to do so.	798
(u) The arbitrator shall be appointed by the London Maritime Arbitrators Association (LMAA) within 14 days after receipt of a request in writing by either party to do so.	799
(v) The arbitrator shall be appointed by the London Maritime Arbitrators Association (LMAA) within 14 days after receipt of a request in writing by either party to do so.	800

46. LMAA Standard Dispute Resolution Clause

(a) This contract shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this contract shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof now in force or hereafter in force.

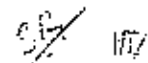
The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.

The reference shall be to those arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The appointment of a sole arbitrator shall be binding on both parties as if it had been appointed by agreement.

Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

In cases where neither the claim nor any counterclaim exceeds the sum of £250,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Standard Claims Procedure current at the time when the arbitration proceedings are commenced.

(b) This contract shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this contract shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof now in force or hereafter in force.





hereby agreed neither the charter nor any subcharter exceeds the sum of US\$30,000 for and on behalf of the person who agrees to be liable for the cost of the arbitration proceedings and the arbitration fees and costs of the arbitration proceedings.

(c) This Contract shall be governed by and construed in accordance with the law of the place in which the parties have agreed to place the arbitration proceedings and this Contract shall be referred to arbitration in accordance with the procedures applicable to it.

(d) Notwithstanding (a), (b) or (c) above, the parties may agree at any time to mediation any difference under dispute arising out of or in connection with this Contract.

In the case of a dispute in respect of which arbitration has been commenced under (a), (b) or (c) above, the following shall apply:-

(i) Either party may at any time and from time to time elect to refer the dispute or part of the dispute to mediation by serving on the other party of written notice (the "Mediation Notice") calling on the other party to agree to mediation.

(ii) The other party shall respond within 14 calendar days of receipt of the Mediation Notice stating that they agree to mediation. In which case the parties shall thereafter agree a mediator within a further 14 calendar days, failing which on the application of either party a mediator shall be appointed pursuant to the Arbitration Tribunal ("the Tribunal") or such person as the Tribunal may designate for that purpose. The mediation shall be conducted in such place and in accordance with such procedure and standard terms as the parties may agree on, in the event of disagreement, as may be set by the mediator.

(iii) If the other party does not agree to mediate, this fact may be brought to the attention of the Tribunal and may be taken into account by the Tribunal when allocating the costs of the arbitration between the parties.

(iv) The mediation shall not affect the right of either party to seek such relief or take such steps as it considers necessary to protect its interest.

(v) Either party may advise the Tribunal that they have agreed to mediation. The arbitration procedure shall continue during the conduct of the mediation but the Tribunal may take the mediation into account when setting the timetable for the arbitration.

(vi) Unless otherwise agreed or specified in the mediation terms, each party shall bear its own costs incurred in the mediation and the parties shall share equally the mediator's costs and expenses.

(vii) The mediation process shall be without prejudice and confidential and no information or documents disclosed during it shall be revealed to the Tribunal except on the basis that they are disclosable under the law and procedure governing the arbitration.

47. All terms and conditions of this charter arrangement shall be kept private and confidential.	801
48. The state readings have been included in this charter for convenience of reference and shall in no way affect the conditions hereof.	802
Appendix A: Tonnage Description for the vessel, as attached, shall be incorporated herein.	803
Appendix B: Ship Safety and Environmental Monitoring Reporting Template, as attached, shall be incorporated herein.	804
Additional Clauses 49 THROUGH 73 BOTH INCLUSIVE: As attached, shall be incorporated herein.	805

IN WITNESS WHEREOF, THE PARTIES HAVE CAUSED THIS CHARTER, CONSISTING OF PART A

CLAUSES 1 THROUGH 48 AND PARTS C, CLAUSES 49 THROUGH 73 TO BE EXECUTED BY DUPLICATE
Commission: 1.25 per tonne on hire

AS OF THE DAY AND YEAR FIRST ABOVE WRITTEN.

SIGNED FOR OWNERS

FULL NAME *John Thorsen*

POSITION *Managing Director*

Reming Shipping France S.A.R.L. 805

as agent to owners 806

807

SIGNED FOR CHARTERERS

FULL NAME *Reming Shipping France S.A.R.L.*

Reming

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Additional Clauses

Clause 49

In the event of loss of time due to blockades or boycott of the vessel in any port or place by shore labor or others (whether arising from government restrictions or not) by reason of :

- A) The vessel's flag or ownership;
- B) The terms and conditions in which the members of the crew are employed;
- C) The trading of any other vessel under same ownership;
- D) Any proven physical or documentary deficiency in the relation to the vessel's safety, cargo gear, or other equipment as on board;

Then payment of hire shall cease for the time hereby lost.

Clause 50

Safety equipment on board the vessel shall be as per class requirements and flag administration regulations for ships of similar size, type and trading area. Owners warrant to operate vessel in accordance with Charterers' time charter instructions and all applicable international regulations, including but not limited to "ISM Code" and "OCIMF Drug and Alcohol policy".

Owners warrant that all class and trading certificates will be on board valid and un-expired throughout the entire period of the charter.

It is understood that the Vessel shall always be in class and that deficiencies and / or recommendations shall be attended to without undue delay, except for those recommendations that can be safely postponed to next scheduled dry-docking. The Vessel shall not be excluded from calling any ports due to deficiencies/recommendations given by port state control. All certificates shall be maintained throughout the Charter.

Clause 51

The vessel to be equipped with radios with suitable frequencies. Vessel will maintain watch on communication equipment on board in order to enable flexibility and fast responses concerning cargo plans, alterations of destinations, deviations and any other similar kind of commercial requirements. Vessel to be equipped with E-Mail and telex and telefax communication.

SP/ HT/



Additional Clauses

Clause 52

The master, officers and crew shall be employed by the Owners and/or the ship managers. The vessel, master, and crew must carry out commercial operations with utmost dispatch.

All officers shall be able to give good working command in the English language. All crew shall have proper knowledge of the English language.

2/3 of the crew always including Master and Senior Officers shall have experience and knowledge of running chemical tankers.

Vessel is to load quantity as instructed by the Charterers and always in accordance with the vessel's cargo tank capacity and the Master never to accept any other quantity than that specified by Charterers in their voyage orders.

Clause 53

Gangway watchmen to be for Owners' account. Fire watchmen to be for Owners' account if so requested by Master and/or Owners or to be for Charterers' account if compulsory by port/other authorities.

Clause 54

Owners shall keep the Vessel sufficiently and properly manned to efficiently perform all duties and functions normally connected to chemical parcel, general liquid chemicals and petroleum products trade including but not necessarily limited to loading, discharging, transferring of cargo and/or ballast, rigging cargo gear, and sweeping and cleaning tanks. Multiple, simultaneous operations are expected. It is understood and agreed that the above mentioned duties and functions shall be done at sea as well as in port. In this connection, the master shall prosecute his voyage with utmost dispatch and shall render all reasonable assistance with the Vessel's crew and equipment.

During the currency of this charter Owners to keep a good house-keeping on board the vessel and keep the ship clean everywhere including but not limited to on deck, the outside, in the accommodation and in the engine room.

Handwritten initials and a signature, possibly "H/V", are visible in the bottom right corner of the page.



Additional Clauses

Clause 55

Tank cleaning within the parcel tanker and general liquid products trade includes washing, mopping and drying and other duties and functions required to make the tank(s) suitable for the next cargo. Tank cleaning includes a broad scope of methods, which may be required in some instances: it may include washing with high-pressure nozzles rigged from deck (butterworking); it may require crew members to enter the tanks and physically scrape and remove any rust, scale or foreign matter that can be injurious to the intended cargo; it may include gas freeing; it may require application of tank cleaning chemicals or solvent with either spraying equipment or through the vessel's fixed tank washing equipment. These examples are not complete as it is always the responsibility of the Owners and the crew to follow Charterers customary to the trade voyage orders and cleaning instructions which shall always be provided timely and appropriately to the master along with the voyage orders in orderly format.

Tank cleaning shall always be performed as early after completion of discharging as possible.

The vessel's crew is, when required by Charterers, to perform sweeping (squeegeeing) of cargo tanks, which is defined as part of the final discharge operation whereby the crew agitates, mixes and physically pushes or squeezes the cargo to the suction pipe when required by the Charterers. This particular operation shall be paid by Charterers at USD100,- per tank per sweeping operation to the Master directly.

Subsequent to washing cargo tanks with seawater, the tanks shall always be flushed with fresh water.

All necessary cleaning equipment and chemicals to be supplied and paid for by Charterers.

Clause 56

Ballasting will when possible be done concurrent with discharging-operation and will in no way disturb or interrupt the discharge or in any other way cause delays to effective operation of the vessel, subject to terminal regulations.

De-ballasting will when possible be done concurrent with loading operation and will in no way disturb or interrupt the loading or in any other way cause delays to effective operation of the vessel, subject to terminal regulations.

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Additional Clauses

Clause 57

The Charterers shall have the option of loading over top i.e. through the deck hatches. In such case, the distribution of the cargo throughout the Vessel shall be undertaken by Master, connecting the hoses on board the Vessel is to be performed by the Vessel's crew, provided this operation is not in conflict with law and safety regulations of port authorities, always at Master's discretion related to safety of ship and crew and the environment. Any additional equipment and/or costs related to such operation for Charterers' account. Charterers confirm they will be responsible for the risk.

Any SFS operations shall always be performed in a safe port or place suitable for the intended operation and shall always be in accordance with OCIMF guidelines for SFS operations. All fenders, hoses, mooring/loading master, if required, and associated equipments to be for Charterers account and to be supplied by them.

Clause 58

The vessel shall during discharge operations be able to maintain 100 PSI at vessel's manifold provided shore facilities permit.

During discharge operations the vessel shall maintain pumping logs and issue letters of protest if so required and the crew shall make best endeavors to have both countersigned by the terminal.

Should it become necessary to withdraw the vessel from the berth as a result of vessel being unable to discharge the cargo at its warranted capacity, all time so lost as well as shifting expenses to anchorage to be for Owners' account. To clarify the principle agreed between the parties, time and shifting expense to anchorage shall not be for Owners account if reduced discharge capacity is caused by restrictions at shore. Vessel is allowed to discharge freely through all manifolds into 10" lines, notwithstanding cargo is one grade or several within vessels natural segregation. I.e. time and expense for shifting to anchorage shall only be for Owners account if the reduced discharge capacity is caused solely by technical problems onboard the vessel.

Clause 59

Vessel to be equipped with 4 cargo hoses each of 3-inch diameter and each of 10 meters length. Hoses must be duly pressure tested and certified with intervals of no more than 12 months.

Cargo manifold must comply with the applicable OCIMF rules for oil tankers of similar size and type. All flanges to be of ANSI standard.

Personnel on board are always to be made available to Charterers to load or discharge as many grades of cargo simultaneously as the vessel can separate as per the OCIMF

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Additional Clauses

Cont'd Clause 59

Questionnaire

Owners agree that without causing delays to the vessel the Master and Crew will connect/disconnect cargo hoses and bunker hoses on board Vessel only at both loading and discharging ports provided this operation is not in conflict with international law and safety regulations of port authorities and to take and keep on board cargo samples from vessel's sample taps as per Charterers' instructions, within capacity of Vessel's cargo sample bottles.

Clause 60

If Charterers require cargo heating, the vessel shall, on passage to and whilst at discharging port(s), maintain the cargo at the loaded temperature or at the temperature stated in Charterers voyage instructions always in accordance with the cargo resistance list and the capabilities of the heating system. Charterers may request that the temperature of the cargo be raised above or lowered below that at which it was loaded, in which event Owners shall use their best endeavors to comply with such request.

Clause 61

Deleted.

Clause 62

- (a) The Vessel shall not be obliged to force ice nor to follow ice-breakers.
- (b) The Vessel shall not be required to enter or remain in any icebound port or area, nor any port or area where lights, lightships, markers or buoys have been or are about to be withdrawn by reason of ice, nor where on account of ice there is, in the Master's sole discretion, a risk that, in the ordinary course of events, the Vessel will not be able safely to enter and remain at the port or area or to depart after completion of loading or discharging. If, on account of ice, the Master in his sole discretion considers it unsafe to proceed to, enter or remain at the place of loading or discharging for fear of the Vessel being frozen in and/or damaged, he shall be at liberty to sail to the nearest ice-free and safe place and there await the Charterers' instructions.
- (c) Any delay or deviation caused by or resulting from ice shall be for the Charterers' account and the Vessel shall remain on-hire.

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Additional Clauses

Cont'd Clause 62

- (d) Any additional premiums and/or calls required by the Vessel's underwriters due to the Vessel entering or remaining in any icebound port or area shall be for the Charterers' account.
- (e) Any costs and expenses actually incurred by the Owners as a result of the vessel trading in ice shall be for Charterers account.

Clause 63

The Owners warrant that during the currency of this charter the vessel will comply with the following requirements:

- A) The vessel shall have P and I insurance from a recognized P and I club, which is a member of IOA (International Group Agreement),
- B) That P & I insurance premiums are correctly paid,
- C) That the vessel is covered for oil spillage at the highest possible amount with its P & I club which at present is USD 1 billion,
- D) That valid P&I certificates always are on board,
- E) That the vessel will be owned [or demise-chartered] by a member of "The International Tanker Owners Pollution Federation Ltd.",
- F) That the Owners will give the Charterers, provided there is no conflict of interest, the full use and coverage of its P and I club services as far as the P and I rules permit.
- G) That upon delivery and again latest 3 days before expiry of each insurance period, Owners to give Charterers copies of P&I certificates for the respective periods.

Clause 64

The Charterers shall during the currency of this Charter take out and maintain "Charterers' liability insurance" with underwrite. Upon delivery and again latest 3 days before expiry of each insurance period, Charterers to give Owners copies of appropriate insurance certificates for the respective periods.

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Additional Clauses


ORIGINAL
Clause 65 (Vetting clause)

Owners warrant that no later than 4 (four) months after delivery the vessel and her management are approved by 4 (four) of the following major oil companies: Exxon, Mobil, Chevron, Texaco, Shell, BP-Amoco, Total-Final-Elf, Stat oil and Kirwan Petroleum, and 6 (six) months after delivery the remaining 3 (three) Major oil companies approvals, as listed above, to be obtained. These 7 (seven) approvals to be maintained during the currency of this Charter.

If Owners are or become in breach of this warranty, they are immediately to make necessary arrangement in order for the Owners/vessel to again comply.

Should Owners fail to comply and become in breach of this warranty and one of the above major oil company's approval is outstanding (not available) 6 (six) months after delivery or during the currency of this Charter Owners fail to renew/extend an approval and same is outstanding for more than 16 (sixteen) days, Charterers will have the option to put the vessel off-hire until Owners have ensured the vessel and her Management again are in compliance. In the instance that the Charterers should exercise such option to put the vessel off-hire, then the vessel shall cease to be at the Charterers' disposal until such time as the vessel is again on-hire it being understood that Owners shall do their utmost to have the vessel comply with this clause as soon as possible.

16 days

⇒

off hire

It is understood that the Owners shall not be held responsible for not obtaining and maintaining oil major approvals should a) the vessel trade to areas where the oil majors will not inspect or b) the oil majors have no commercial interest in the vessel (and is thus not willing to inspect).

V 1

V 2

Clause 66

Owners warrant that the vessel will be at all times in compliance with the Mergal regulations currently in force and applicable to the vessel basis for convention 481 or as possible amended during the charter and is certified to carry Mergal codes 1 and 2 if required in accordance with vessel's Cargo list and Certificate of Fitness and has corresponding valid certificates at all times on board.

Clause 67


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Additional Clauses

Clause 68

World wide trade always within IWL but excluding United Nations sanctioned and/or Embargo countries, Ethiopia, Eritrea, Somalia, Yemen, North Korea, Lebanon, Cuba, war and warlike zones/areas. Always via good and safe, always afloat, always accessible and ice free ports, berths and/or anchorages. Charterers have the option to trade the vessel outside IWL against paying for additional insurance, if any, and always subject to acceptance by hull underwriters and Owners' approval which not to be unreasonable withheld. Charterers shall, however, not trade the vessel to United States with persistent oils.

Clause 69

Clean petroleum products including lubricating oils; dirty petroleum products including crude oils; Marpol Annex E cargoes in accordance with vessel's Certificate of Fitness and coating resistance list which please forward for Charterers' approval. If Charterers so requests, Owners agree to add named cargo(es) to vessel's Certificate of Fitness provided coating manufacturers and/or classification society approve same. Additional costs, if any, to be for Charterers' account. All cargoes carried shall be in accordance with cargo resistance list, maximum allowable temperature, and trim and stability booklet and within natural segregation.

Clause 70

Owner's guarantees that the vessel's officers and crew belong to a union recognized and affiliated to The International Transport Worker's Federation and / or its equivalent.

Clause 71

If Charterers have reason to be dissatisfied with the performance of the vessel or the Manager, the Owner upon receiving complaints shall immediately investigate and take appropriate steps to correct the situation.

67/ 11/



Additional Clauses

Clause 72

Managers of the vessel shall be VBSK (Vorsetzen Bereederungs- und Schiffahrtskontor GmbH & Co. KG, Hamburg). Owners shall change to another acceptable technical manager upon Charterers' request in case Vorsetzen Bereederungs- und Schiffahrtskontor GmbH & Co. KG for some reason should lose any of the accreditations or the reputable position making them unable to obtain and / or maintain any of the majors' approvals which is required by Charterers under this Charter Party.

Clause 73

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Additional Classes

Appendix A

Owners shall as soon as possible and within 6 weeks of expected delivery date, provide Charterers with:

1. OCIMF Vessel Particulars Questionnaire
2. Full size plans:
 - a) General Arrangement
 - b) Capacity Plan with Deadweight scale
 - c) Pumping diagram showing Vessel's segregations

Description: 12,800 Dwt ex Samho Shipbuilding – Hull no. 1096

Flag : Panama or equivalent

Class : NK, NS* (tanker, oils-flashpoint on & below 60°C & chemicals type II & III)
(esp) designed for carriage of oils, chemicals & molasses MNS*

Built : 2006

Displacement : 12,800 mts

LOA : 127.2 mts

Beam : 20.40

Cubic capacity for cargo: Minimum 13,769 cbm basis 98% filling in 12 epoxy coated cargo tanks and 2 epoxy coated slop tanks suitable for cargo. Coating in cargo & slop tanks to be Epoxy – SIGMA PHENOLIC EPOXY – SIGMA PHENOLIC HARD – resistance list handed over to Charterers

12 + 2 grades complete segregation by separate lines, pumps and double valves

12 Frano SD 150 (300 cbm/h) Cargo pumps + 2 Frano SD 100 (100 cbm/h) Slop tank pumps

Steam heating by Mitsui vertical water tube auxiliary boiler 12 tonnes / hr steam

At 0.7 Mpa. Maximum fuel consumption 866 kg/h

* Vessel is able to load a homogenous cargo with a single line through a 500 mm manifold connection at a loading rate of 1,922 m³/hr. Total loading time less than 7 hours, excluding topping off.

* Vessel is able to load all grades simultaneously at 137 M³/hour. Total loading rate, as for homogenous cargo 1,922 M³/hour.

* Vessel is able to discharge a homogenous cargo in less than 12 hours by means of 1 cargo line to shore.

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Additional Clauses

Cont'd Appendix A

- * Vessel is able to discharge a homogeneous cargo at 1.200 m³/hr (excluding stripping).
- * Vessel is able to discharge 4 grades simultaneously at 1.200 M³/hour.
Discharge rate for each grade 300 M³/hour.
The above warranties are based on no restriction from shore line(s).

Speed/consumption:

Speed + consumption

Laden : 13,0 knots in max BP4 on 18 mt 130380 mtpd
Ballast : 14,0 knots in max BP4 on 12 mt 130380 mtpd

Boiler running full capacity : about 0,865 mtp/hour.
In port discharging with max number of pumps : about 0,22 mtp/hour.
At sea idle : about 0,8 mtp/hour In port idle : about 0,06 mtp/hour.
Manoeuvring : about 0,13 mtp/hour. Boiler is running on HFO and generators on HFO.

HTJ



Appendix B

SHELLTIME 4

Shell Safety and Environmental Monthly Reporting Template	Report for Shell Trading HSE & Shipping Standards
	Charterers marked for the attention of OTS43
	Fax: +44(0)20 7934 7472
	Phone: +44(0)20 7934 8079
Email: STASCO6HEData@shell.com	

Time Chartered Vessel Name	
Management Company	
Month	

OIL SPILL INCIDENTS (Any incident entering the water) Approximate volume in barrels and brief details	
ANY OTHER INCIDENTS resulting in or having potential for injury, damage or loss	

FOR DEFINITIONS OF INCIDENT CLASSIFICATION AND EXPOSURE HOURS PLEASE SEE OIL COMPANIES INTERNATIONAL MARINE FORUM (OCIMF) BOOKLET "Marine Injury Reporting Guidelines" (February 1997) or any subsequent version, amendment or addition to same

A. No. of crew	
B. Days in month / period	
EXPOSURE HOURS 1A x B x 24	

LOST TIME INJURIES (LTIs) including brief details / any treatments

TOTAL RECORDABLE CASE INJURIES (TRCIs) including brief details / any treatments
--

PLEASE CONFIRM YOUR RETURN CONTACT DETAILS:	
Name:	
Phone:	
Fax:	
Email:	

Return for each calendar month - by 10th of following month.

Appendix B
SHELL TIME 4
**Shell Safety and Environmental
Monthly Reporting Template**

 Return to: Shell Trading HSE & Shipping Standards
 Charterers marked for the attention of: DTG43
 Fax: +44 (0)20 7546 7472
 Phone: +44 (0)20 7546 8073
 Email: STASCOHSEData@shell.com

Time Chartered Vessel Name

Management Company

Month:

Notes: Please enter zero i.e. "0" where any amount is nil (rather than entering "Nil" or "N/A")
 Please do not enter a % sign in the entry boxes for Fuel Sulphur content i.e. if it is 3% then just enter "3".
 Cargo loaded for LNG vessels should also be reported as tonnes and not as m³.
 If not possible to measure your refrigerants accurately by weighing, please use best estimate.

Monthly Consumption – Fuel Oil mt	
Sulphur content of Fuel Oil (percentage weight)	
Monthly Consumption – Diesel and/or Gas Oil mt	
Monthly Consumption (LNG ships only) – Fuel Gas m ³	
Monthly Distance Sailed	
Monthly Cargo Loaded – mt	
Marine Release – (t/yr)	
Refrigerant Gas – Type	
Refrigerant Gas – ROB carried fwd from end last month (kgs)	
Refrigerant Gas – Received (kgs)	
Refrigerant Gas Consumption – (kgs)	
Refrigerant Gas – ROB end of this month (kgs)	
Garbage Disposal m ³ – At Sea	
Garbage Disposal m ³ – Incinerated on Board	
Garbage Disposal m ³ – Sent Ashore	
Oil Spill Incidents	
Other than those entering the water: Approx. volume & brief details	

Return for each calendar month – by 10th of following month.
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ADDENDUM NO. 1

TO

MV KRISTINA THERESA

CHARTER PARTY DATED 15 NOV 2006

It is mutually agreed on this date between herein shipping finance as agents to
hereinafter shipping as, as Owners and Vardian Shipping (P) Ltd
as Charterers that additional clause on Bunker Emission to
read as of:

BIMCO Bunker Fuel Sulphur Content Clause


- (a) Without prejudice to anything else contained in this Charter Party, the Charterers shall supply fuels of such specifications and grades to permit the Vessel, at all times, to comply with the maximum sulphur content requirements of any emission control zone when the Vessel is ordered to trade within that zone.

The Charterers also warrant that any bunker suppliers, bunker craft operators and bunker surveyors used by the Charterers to supply such fuels shall comply with Regulations 14 and 18 of MARPOL Annex VI, including the Guidelines in respect of sampling and the provision of bunker delivery notes.

The Charterers shall indemnify, defend and hold harmless the Owners in respect of any loss, liability, delay, fines, costs or expenses arising or resulting from the Charterers' failure to comply with this Sub-clause (a).

- (b) Provided always that the Charterers have fulfilled their obligations in respect of the supply of fuels in accordance with Sub-clause (a), the Owners warrant that:
- (i) the Vessel shall comply with Regulations 14 and 18 of MARPOL Annex VI and with the requirements of any emission control zone; and
 - (ii) the Vessel shall be able to consume fuels of the required sulphur content when ordered by the Charterers to trade within any such zone.

Subject to having supplied the Vessel with fuels in accordance with Sub-clause (a), the Charterers shall not otherwise be liable for any loss, delay, fines, costs or expenses arising or resulting from the Vessel's failure to comply with Regulations 14 and 18 of MARPOL Annex VI.

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 ORIGINAL

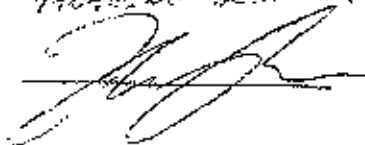
Cont'd Additional Clause

(c) For the purpose of this Clause, "emission control zone" shall mean zones as stipulated in MARPOL Annex VI and/or zones regulated by regional and/or national authorities such as, but not limited to, the EU and the US Environmental Protection Agency.

All other terms and conditions remain unchanged and fully in force as per MV Kristina Theresa Charter Party dated 15th nov 2006

For Owners,

H304 THERESA
HARVEY W. DEBEVER



heming shipping france s.a.r.l.
as agent to owners

For Charterers

BRUNO R. SMITH
MANAGING DIRECTOR



 ORIGINAL

ORIGINAL

ADDENDUM NO. 2

TO

MV Kristina Theresa

CHARTER PARTY DATED 15th Nov 2006

It is mutually agreed on this date between Herning Shipping France as agents to
Herning Shipping A.S., Herbolg, Denmark, as Owners and Vardhaman Shipping (P) Ltd
as Charterers that Clause 22(a) Line 399 be amended as of:

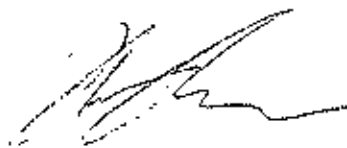
Owners have the right and obligation to drydock the vessel at
regular intervals of 30 months plus/minus 6 months and/or in case
of emergency or class requirement.

All other terms and conditions remain unchanged and fully in force as per MV
Kristina Theresa Charter Party dated 15th Nov 2006

For Owners,

HANS THURSEN

HOLPING PERRETOR



For Charterers,

SACHIN R SHANK

MANAGING DIRECTOR.



Herning Shipping France S.A.S.
as agent to owners

HT/